Top 10 Mistakes That Can Put Your CIL or SILC At Risk  
Presented by Paula McElwee  
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>> TIM FUCHS: All right. Good afternoon, everybody! Welcome to today's webinar, I'm Tim Fuchs with the National Council on Independent Living and I want to welcome you to our latest webinar presentation, "Top 10 Mistakes That Can Put Your CIL or SILC At Risk." So I'm Nursing a little bit of a cold today. I don't know if you can tell. The good news is I can't get you sick through the web, but I hope that my voice is not too nasally.

So as always, our presentation today is brought to you by the IL‑NET training and technical assistance product for CILs and SILCs, as most of you know, IL‑NET is operated through a partnership among ILRU, NCIL, and APRIL and support is provided by the US Department of Health and Human Services and community living.

I want to mention a few housekeeping things before we start the presentation today. As always, we're recording today's call. So that we can archive it on ILRU's website so that you and your colleagues can access it after the fact. It's always up within 48 hours, usually much sooner. We are also in presentation mode right now. So your lines are muted. You will be able to ask questions later in the call, during the Q&A breaks and I will talk about that in just a moment.

Captioning is available. So if you haven't turned that on yet, you can select closed captioning under the menu options. And I want to talk about that for a second. You can ‑‑ once you turn captioning on in Zoom, there's an arrow at the top right‑hand side of that captioning box. You can use that to make the captioning box a little bit larger, but if you want to manipulate the font size, the color, the contrast, any of that, for the captioning, I would recommend that you use the full‑screen captioning at streamtext.net and that URL, it's a little bit long to read out loud. I will put it in the chat here. So you can click on that. That shouldn't be a surprise to anyone. It's the same link that we always use for all of these presentations, and we are just putting it there so it's handy.

Let me talk about questions for a second. You are welcome to submit questions any time during today's presentation, but we are going to wait until the Q&A break to address them. I want to point out the Q&A tab and the menu bar at the bottom of your screen. While the Zoom bar, unless you moved it, it's probably at the bottom of your screen. If you don't see it, you might want to wave your cursor over the bottom of your screen. Sometimes it auto hides, but anyhow, you can type your questions out in that Q&A tab at any time.

If you are using the full screen CART today, there's a chat feature there. I'm logged in as Tim Fuchs. You can type your questions into that chat on the full screen CART at Streamtext and I will voice them during the break.

Finally, if for any reason you cannot see or access the Q&A tab, you are always welcome to email your questions at Tim@NCIL.org. I will have my email open and I will be happy to voice those questions as well. We have two Q&A breaks, one at 16 and the other one at the end, on slide 27. You can type your questions out whenever you would like.

Finally, there is a chat feature on the call today. Still like to ask you to put your questions in the Q&A tab, but you can use that chat to say hello to people that you see in the participant list, to send us a message. It's also a great way to contact us if you are experiencing, excuse me, a technical issue.

If you are having a technical problem, we will try to help you one‑on‑one so we don't have to take Q&A time. And we don't want you to have to wait for a Q&A break if you are having a technical problem. The chat is good for that.

There's one other thing I wanted to mention and that is our evaluation form. We do have an evaluation form for today's call. We want to know what you think, and we are always looking for your suggestions for how we can make these presentations better. That evaluation form will literally come up on your screen when we close the webinar today. So you will see it appear as we close the presentation. I hope you will take an extra couple of minutes and fill that out so we can have your suggestion.

If you truly don't have time today, the link to the evaluation form was also included in that confirmation email that you have received. So just a heads up, you can access it this as well.

With that, I will go ahead to slide 3 and just go through the objectives for today. We are offering you a webinar where you will learn common compliance risks associated with policies and procedures that impact CILs and SILCs, major elements necessary for establishing and maintaining proper internal controls. Typical internal control procedures appropriate for CILs and SILCs. Responsibilities for record keeping, for assets and custody of assets. Best practices for risk assessment and monitoring, and best practices for mitigating risk.

And who better to walk us through these type of compliance issues than Paula McElwee. Some of you know her personally and worked with her closely on these type of things. Paula, of course, day‑to‑day as the technical assistance coordinator for IL‑NET and ILRU. And has done a lot of this work and has put to go an excellent webinar with things that she has seen that CILs and SILCs shouldn't be doing, along with best practices for what you should be doing.

Thank you for sharing your knowledge with us. I will go ahead to slide 4 and turn it over to you.

>> PAULA McELWEE: Thanks, Tim. I appreciate it!

We are going to talk about some of the mistakes that are made and usually these are found when something goes terribly wrong or when a compliance visit uncovers them. And we're hoping by cuing you into the risks now, you can be proactive about them. And so instead of waiting for somebody to say, you were doing something wrong, let's take a look at it yourself.

The first mistake that we will talk about is operating with outdated governance documents. Usually this is your bylaws. There's some others I will mention in a minute, but your bylaws are a legal document. They are what your board has decided are the legal operating processes and structure of your center. So if you are not paying attention to your bylaws, it's very possible that you could end up in a situation where you are out of compliance with them. And that would be out of compliance with your own policies or law and you are also cited for that during compliance visits.

So compliance visits, of course, look at the regulations, but they also look at your own governing document. So when you think about your bylaws, take a look at them. For example, this is the one that's probably the most common, do you have the number of committees that the bylaws say you have to have?

Sometimes your board is smaller than the idealistic group that created your bylaws thought it was going to be, and some things just don't work well by committee if you have a very small board. If you have a board of, say, five or seven, which I see at centers sometimes, how can you have committees that actually do good work? Right? Because your committees are made up of those board members and you may not have enough of them to do it.

But you don't want to be out of compliance with your bylaws because that's something that any compliance reviewer can address with you, in addition to their own regulations.

Do you use the same corporate name? Now, there are ways to do this and it's somebody different than your corporate name, but your corporate name should be showing up on your legal documents, your 990s, your contracts, anything like that. And if you changed your corporate name informally but not changed it in your bylaws or changed your corporate name formally with your secretary of state but haven't updated your bylaws, you would be out of compliance. So make sure your name in your bylaws agrees with your legal name on everything else.

You also want to look at the number of board members required and I know I work with new executive directors quite a bit and sometimes when there's a change in leadership, there's also a change in the board, because some members were on the board out of loyalty prior to that executive director. So sometimes new executive directors have this concern, they don't have as many board members as the bylaws require and they have to do board recruiting very soon out of the gate because they lose some of those members that were just there as loyalty to their predecessor.

So you do need to look at that and you do need to make sure that you make a priority out of recruiting board members if you are out of compliance with your own bylaws on that.

Officers ‑‑ sometimes the bylaws require in the executive committee, they have the usual chair, vice chair, and secretary, treasurer and sometimes you can combine some of those. But you do have to have the officers that your bylaws require. So if your bylaws say something different than what you are doing, you need to change your practice or your bylaws. You need to look at that.

And do you ‑‑ do you require in your bylaws, and do you fulfill in your practice the expectation of consumer control? Now, consumer control for the boards is that more than 50% ‑‑ so 51% or more is the other way you hear us say it. More than 50% of the board members need to have a significant disability.

You need to say it in your bylaws and you need to confirm it in your practice. Now I have once in a while, oh, I can't ask my board members if they have a disability. If it's not visible, how would I know? There's no prohibition about asking a board member if they have a disability.

We do ‑‑ in independent living we do declare for ourselves if we have ace disability. If a disability is invisible, it's appropriate to ask any board members with no obvious disability if they have a disability because it's part of the compliance, the legal compliance with your center.

And that is not ‑‑ that doesn't require ‑‑ just like it doesn't with consumers, it doesn't require a medical diagnosis or, you know, other items that might make it a more formal declaration of disability, but the person does have to say yes or no, do you have a disability?

I think ‑‑ this is my personal opinion and it's not part of the requirements, but I think it makes good sense for the board members to be honest with each other, about what the disability is if it's an invisible one. I think out of the disability pride and hey, we want the community to start envisioning how powerful people with disabilities can be in their own community, I just think it makes sense that people would want to tell you anyway.

But if you have a situation where you think that's not comfortable, you may need a board training on that, not just bylaws and practice, but actually helping people to understand consumer control, because it is the foundation of what centers are. And if you don't have consumer control on your board, you are out of compliance with federal regulation. Your bylaws should reflect what the federal regulation reflects which is that at least 51% or more than 50% must be people with disabilities. And in the case of your board, the language is actually people with significant disability. So do keep that in mind.

There are definitions. There's definitions in Title 1 and Title 7 and I mean in ADA, and some other places and if you don't have a definition of disability, let me know, but you should know what that is and your board should be willing to ‑‑ to put that in place.

Now, what we recommend related to bylaws ‑‑ this is only one thing and we will look others in a sec, but what we recommend is that you review them at least annually. That doesn't mean that you change them annually, but you put them on the agenda and make sure all ever your board members have a copy and at least once a year, you give everybody a chance to say whether or not you need to have a review or a revision, I mean, of the bylaws.

And you won't know that unless you make a review, right? So you have to take a look at them. Often this is the executive director taking a look at them, and then highlighting it or writing questions or you can do it in the track changes method in your Word document but somehow get to the board any recommendations that you have that might fit some of the things I have just said here.

Are your commits ‑‑ do you not want to have everybody on your bylaws. You can change written policy, easier than you can change your bylaws. So maybe committees shouldn't be in the bylaws at all. Do your bylaws address what kind of votes you can take? I was working with someone earlier this morning and we were talking about the disadvantages of email votes versus phone votes versus in‑person votes. A lot of people allow email votes but are your bylaws clear whether they have to be in person or not?

Email votes just ‑‑ just as an aside, email votes make me anxious because there's no room for discussion. And so you send out this question that's going to be voted on by email, and when you send out that email, people's attention to their email varies. And so some people will shoot back an answer right away and you will hear, oh, yes, I agree. Oh, yes, I agree. And then somebody asks a question that somebody considered. How do you have a discussion when two people have already voted?

So when you do email elections, you really need to sort that out and you may want to do ‑‑ this is what I will suggest if you decide to do, that you may want to send out the question and say, we will be considering this question in a vote at the end of the day today. So if you have any discussion that you would like to have prior to that vote, please email that back to all of the people who are on this email, so that we can have a discussion before we vote.

So that's just an aside. That's an extra. I'm ready for the next slide, Tim.

So besides your bylaws, there are other documents that are governance documents that you need to be sure that you meet. Your articles of incorporation have some things that you may want to look at. Certainly, all of your written policies and procedures are part of your requirements. You are required to follow those policies and procedures unless, you know, you consider it and go through your process to change it.

The other governance documents that don't get maybe quite as much attention, but would deserve a lot of attention, are the board meetings minutes themselves, and the handouts for that meeting. And I have been to centers where they ‑‑ they keep the minutes, but they don't keep any of the other information. So if the minutes say that the financial statement was approved but I don't see a copy of the financial statement, you know, how can I judge whether or not, you know, they are following through on whatever it was that was requested?

So we suggest the minutes filed with the packet that you gave to the board with any backup information is ‑‑ are filed together and then are easily accessible. And if there are key things in those minutes ‑‑ this is always so great. So some states require that the board sign a resolution or vote on a resolution, every time you do a budget revision. So if that's the case in your state, and you do that, you know what, they are going to want to come back sometime and say, well, when did you approve this one? And you need to be able to tell when it was. And so your agenda, I think, also goes on the front by the minutes, because your agenda is going to tell you what was covered in that meeting. If you are looking for something that the board approved, you know how difficult that can be, time just, you know, goes by so fast.

So you want to make sure that you have everything you need in order to be able to actually show that the board was told something or approved something. Because sometimes that's an essential part of a compliance review. Your annual budget is also a document that's a governance document. That budget can be changed. Do you it for some of your funders on a regular basis anyway, but you absolutely want to make sure that the board is aware of that budget and many of your financial statements are compared back against that same document, right? So you have your budget to actual. So you just review that one thing after another. What was your budgeted amount and your actual amount and then the variance between the two? That's good information for your board to deal with.

And of course, if you have a strategic plan, that should be a government document as well. Now, these things that I have just mentioned make really good notebook or file on your website or your Internet. Somehow, the board members should have access to all of this, because they are governance documents and your board is your governance. And so they need to have access to all of this information that's current so that they can also make sure that they are following the things that are necessary for you to meet compliance.

All right. Let's look at slide 6, another topic.

Failure to date all of your documents. So I want you to picture you are looking for something. This happens all the time, either when you are preparing for a compliance review or while they are there. They will say, well, did your board ever approve the raise for the executive director, for example?

And when was it? So that they can compare the data that it was implemented to the date that it was approved and whether or not it was retroactive in the motion that's in the minutes. So they are looking for specific things. So when reviews are happening or even if you are doing a desktop review when you are collecting documents to pass on to the reviewers, you need to know when things were. And if you don't date your signature our dates of the minute, the meetings, hopefully are in the minutes, but votes by email or phone, you know, you need to make sure that those are minutes too and you have minutes of those votes and you dated when it happened so you can look at it.

Performance reviews. You want to tell the date that the salary increase is effective, if there is a salary increase, because that's going to be real ‑‑ really important. Executive directors are also signing or initialing approvals for all of your financial transactions. And that's also something that they will look at sometimes when they look at the paper trail for a specific expense. They are going to look at when it was signed and you need to date everything. Never write your signature without putting your date behind it, whether or not the form calls for it. If there's ever a question about when something happened and whether or not it was prior approval, sometimes it's part of the question here. You know, how can you ‑‑ what's the timeline and how can you show when something happened? Let's look at slide 7.

So as I said, do sign everything. I suggest something else on your policy. This is something that's helpful to me, if you carry the amendment dates on policies and procedures and your bylaws, you carry it in the footer. And just say when it was approved. The original date was in 2084 ‑‑ no, 1984, and the revision was revised in 1992, revised again in 1998, revised again in 2002, you just put the dates along the bottom there. So that it's clear that you are keeping your policies current. And it's clear that it's not a brand new policy.

If you date it when you approve a new policy or you approve an amendment, if it's dated on that amendment date, there's no proof that you had a policy before that. And the policy before that might have been really key in whatever it is that they are trying to determine about your performance. So take a look at that.

Then it shows that you are continually reviewing and it also shows the most recent date, which tells you whether or not the document or the policy needs to be reviewed. And, you know, one of the things that you can do is kind of set out for yourself a calendar. You can do it for the board, the board meetings. You can do it for some of these bigger items of staff responsibilities, but set yourself a date in your calendar and say in February, we review all of our policies and procedures. In March, we do the bylaws. In, you know ‑‑ pick a month. It doesn't usually matter very much but for things that you ought to review regularly, pick a month and make sure it gets done.

Code of ethics is another one that shows up where usually the policy says that you teach people annually or review it annually and have them sign it. So well, what's the month that you do this code of ethics in so that your board agendas and your personal calendars tell you when and how reviews are going to happen. That helps you to keep on top of some of this stuff and if you find a place that it's not dated, you can date it going forward so that you know ‑‑ know kind of what's been going on there.

So let's look at slide 8.

This is the interesting one. It's a failure to safeguard assets. And you are required to keep track of the assets that you buy with your grant funds. Unfortunately, what I have seen sometimes is ‑‑ (Chucks) ‑‑ is a closet with all the stuff that you ever bought with your grants stored away, behind closed doors. Sometimes it's in a storage unit. But people sometimes believe that they cannot ever get rid of things they bought with the grant and that's not so.

It does require the grant ‑‑ the grant's regulations require that you keep a record of what you do with that. But if it's broken or obsolete, you can't run your new software on it, it isn't ‑‑ you know, it is not Internet compatible, whatever it is. That closet full of junk is junk! If it doesn't work and it hasn't worked for a decade, you do not need to keep it.

And I don't know how many of you out there are rolling your eyes and say, oh, now you tell me because I have been sustaining that closet of junk since I came on board ‑‑

(Laughter).

But it really is true that you need to know what your status is with those kinds of assets, as well as the financial assets of your organization. So your board or council should regularly review the financial status so that it includes the council, they should look at your financial status. And when you look at that, you do want to make sure that ‑‑ that it's done least quarterly. So if your SILC meets only quarterly, they should see a financial statement or financial information at every meeting.

If they meet only ‑‑ if they meet monthly and most of the CIL boards meet monthly, of course you will want to see a monthly statement. You will want to keep the most current financial information before the governance body for your organization.

So your board or your council should be looking at the financial status of your organization on a regular basis. Now, some of that is going to be your profit and loss statement, and that's fine, but it's not anywhere close to the whole story financially. So if you are, you know, just giving that statement to your board, that's really not enough. You want to make sure that they really understand what's happening.

And so your spending related to your budget that I mentioned a minute ago is one of those things. The board also needs to show that there are adequate internal controls and that ‑‑ those internal controls safeguard those assets. So we'll talk in a little bit, we'll talk more about internal controls on the next mistake.

But you want to make sure that you are putting in place something that makes sure the board has the financial information. If your board doesn't think they want to see the financial information, give it to them anyway. Because it is their responsibility to oversee the financial status of your organization. It's their responsibility to safeguard the assets of the company. So how are they going to do that? You need to make sure that however they do that it is adequate to make sure that things are safe. And that includes sometimes the spending level. So they'll approve in advance anything that costs whatever your spending level is in your policy. $3,500 is the one we recommended at the time we did the sample policies and procedures, but that's a pretty big number for a second signature or for somebody to look carefully at that.

So safeguarding your assets has to do with your cash, as well as your property. So you want to make sure that both of them are safeguarded however they need to be safeguarded.

Let's look at slide 9.

So if you purchased equipment with grant funds, you need to have an inventory that tells you what was the source of that funding was? Where is the item? And if you get rid of the item, where did it go and why was it disposed of? And if you do that, you are only required to do it every other year, but I think do it annually, because an asset inventory that's updated annually reports those things that are broken or that walked away or were disposed of for any reason. And you can keep that on your actual inventory.

A lot of centers choose to do this with things that are worth less, not worthless, but worth less than the limit that you have in your policies. The limit is $3,500, how much equipment do you have that's really has that kind of a level of value? Very few things exceed that, however, what is most likely the walkaway are tablets and laptops, right?

So a lot of centers choose to add those on to their inventory. Keep track of those items, because if they keep track of those items, then they'll be able to do that asset inventory annually and know where everything is and know what gone, if anything.

If anything is walking away, then you also know you need to tighten your internal controls. One of the places where I did an interim ‑‑ there was stuff that just kept disappearing. We couldn't figure it out. We changed the locks. We changed some other policies. We tried to figure out all of the things that were possible. And we finally ‑‑ people blamed each other. Because sometimes it was food missing out of refrigerator. So who took my cheesecake became part of the mantra, but it was also petty cash and it was also equipment that was walking away. And we come in in the morning and everything looked like it was locked up but this equipment is gone.

We found out that there was somebody ‑‑ it was a big office building.

There was somebody who was a former employee of somebody there ‑‑ I never ‑‑ they arrested him. I never did hear the end of the story, though, who had a key and could come up the fire escapes up into the offices and get in. And we changed the locks, and he still got in. So we finally figured out he had a device that could work lever handles and slide it under the door and flip it up and pull down on the lever handles. Who knows how people make up these kind of things. Someone invented this type of thing and he had one.

Someone was coming in and doing that. Sometimes we would find computers on that hadn't been on before. He was doing his job search on the Internet or something. Using our computers. And it was finally sorted out, but when that stuff is disappearing, you have to ask, what prevention can I do? What do I need to ‑‑ how do I need to respond to the fact that something is gone, because you may need to change the locks or you may need to look at some other solutions to it at that point.

But your asset inventory that you do annually will help you report right in there. This was stolen and it was reported to the police on such and such a day and you have done your due diligence then to secure the assets of the organization.

Let's look at slide 10.

Sometimes I talk to a lot of new executive directors and if you are a new executive director and we haven't been talking, my contact information is at the end. And please do contact me. We have a ‑‑ a group call, technical assistance call for new executive directors and then I also do one‑on‑one support. Sometimes when I'm talking with new executive directors, especially, that haven't quite sorted this out for themselves and they inherited whatever they inherited from their predecessor, sometimes, they will say to me, I read that section on internal controls but we can't do that. We don't have enough people. You know, we don't have a bookkeeper and administrative assistant and an associate director and an executive director and, you know ‑‑ separation of duties, you end up having different people do different roles so that there's a check and balance. That's what good internal controls do, is make sure that more than one person sees almost every transaction.

And so when we talk about internal controls, we talk about things like who picks up the mail? I will cover that in a little bit more too in a minute. Who picks up the mail and, you know, what is happening with how the receipts are written and how the checks are deposited? Who has copies of the physical checks that can be put in the printer and print it? Who has access to that? It should not include anybody that signs.

So the person who cuts the checks should never be authorized to sign a check. Sometimes, especially if you are small, you think how can I do that? I don't have enough people. I don't have enough staff people and you may not have enough staff people but you have board members or councilmembers and they can also be a part of your internal control. Most of us use that for larger checks. So we have two signatures on larger checks, and that's, you know, excellent to do. A board member can be the person who signs that check or a councilmember. If you don't have easy access physically to the different people who might help you with ‑‑ with these kind of internal controls, there is a program ‑‑ there's probably more than one but the one I have seen it bill.com. It's not bills with an "s." It's bill.com. And it's a service where you can set it up, sign it up and make sure that your signatory can approve things electronically. It's very secure. You know, other people can't get in. They have good passwords that you have to change on a regular basis and so forth, but you can use people that are remote to help you with internal controls by using something like that for your second signatures, for example.

And always if ‑‑ if a staff person ‑‑ if I'm the executive director and I submit by reimbursement voucher to be taken care of, when I submit that reimbursement voucher, I should not sign the check that reimburses me. It's a pretty simple standard, right? I shouldn't sign checks to myself! Somebody else should approve those. And they should look at the receipts and did I show enough proof that I should be paid for that expense? That might be ‑‑ in a smaller organization, even in a large organization, it might be the board chair or the treasurer most commonly, but somebody needs to be able to make ‑‑ do approvals and needs to be able to sign a check or cosign a check, depending on the ‑‑ your policies so that they can do that.

Another one is the ‑‑ that's, I think important to do, the reconciliation, the bank reconciliation, and when we got the paper checks in the mail, we were all really good at this. We would lay out the paper checks and check them off the check register for that period of time, you know, and we would go through and see it. Well, part of the reason for that review is to get you a right total, but part of the reason for that review is to make sure that nothing got changed on the check. And that can all be done electronically. You can give a board member ‑‑ wherever they are ‑‑ the check register for the period of time that there are reviewing, and they can get their own access into the bank account, and you can limit what they see and don't see but you can give them access to go directly into the account and they can compare that check register to the ‑‑ to the actual checks, the images of the checks that are on the ‑‑ in the file when you go into your bank.

That process ensures that nobody changed the name to themselves. If you change the payee, that's embezzlement and that's one of the ways that people embezzle money. They have got access to the checks. That's why you have somebody different mail the checks than who ‑‑ or put the checks in the envelope and mail them than the person who cuts the checks because you are eliminating the possibility of these things, you know?

But anyway, you can look at them and see also if they amount changed. Did they add a zero to the ‑‑ to their reimbursement check, you know? Or their pay check or whatever. So you can reconcile that. And you can pretty quickly discern if any checks were a different amount or a different recipient and that's an important internal control that you want to do no matter your size.

So take the time to figure out who your volunteers are. Probably board members. Probably the board treasurer or the board chair, but those are folks who can certainly help you have enough people to do the internal controls. So make sure you take a look at that.

The next slide, slide 11. So I mentioned some of this because I do that. I get ahead of myself.

(Laughter).

The person who cuts the checks should not be authorized to sign them. The executive director should not sign checks to him or herself. The person in charge of writing checks should not be in charge of picking up the mail, as well as mailing things. The picking up the mail is that's the one of the first places that you see the funds are misused is usually when the mail comes in.

I think occasionally it ought to be the executive director who picks up the mail, myself.

If you have somebody else who is picking up the mail, it should not be the bookkeeper. The first thing is things like notices from the IRS that they didn't get your whatever, your withheld taxes or your 990 or whatever it is that you are missing. A bill from a new credit card for an additional bill from a same credit card company is going to show up there. Failure to pay unemployment to the state is going to show up there, second notices, unpaid bills, that show you that the ‑‑ the processes, the financial processes are not working smoothly. They are being interfered with in some way.

And that ‑‑ that way can sometimes be one of the ways that people are embezzling money. So if ‑‑ you know, if somebody sees the mail and they decide to do an account, a credit card account, because they get those offers all the time. Boy, that would sure help my problem at home. I'm going to get this credit card but now I have to ‑‑ I have to make sure that intercept the mail so that nobody else ever sees that I have that account. So you will see that kind of thing.

Let's look at the next slide. Slide 12. Okay. Don't think that you don't need insurance. You probably do need general liability insurance. Everybody does because it safeguards your assets. One of the ways that you reduce the damages is to have some of this in place. So general liability insurance is one. We suggest directors and officer’s liability insurance specifically, because that covers the board and the executive director if someone else is doing the theft. It reduces the exposure ever that upper management and the board relating to any legal actions against them, because of whatever is going on. So it may include coverage of defense costs in criminal or regulatory investigations and that certainly is a desirable thing to look at when with you look at your policy.

In situations where there has been embezzlement, it might protect the board or the council from needing to pay it back personally. Now that hasn't happened very often. Most of the time the state or the federal government are willing to work with you on a ‑‑ on how to do a payback from your center or your SILC, but the board did have a responsibility or the council did have a responsibility to ‑‑ of oversight of the financial transactions of your organization. So if they didn't adequately safeguard the assets because they didn't pay any attention to those things, then ‑‑ then you certainly can end up in a situation where they could be liable for some of that personally. You have laws that protect volunteers, you know, good Samaritan laws in your state, but sometimes they specific ‑‑ they specifically state that you cannot ‑‑ that if you didn't do your due diligence, you cannot make a claim. So you want to look at your policies around that and make sure you have ‑‑ a board that does do the due diligence, so they don't find themselves in that situation.

You might want to bond the person who has the financial oversight. Bonding means that your insurance company is going to look at that person's specific, you know, record and probably credit record and whatever it is that might be factors, but they look at that specifically with anybody who is ‑‑ that you are checking for financial oversight.

Just ‑‑ you do not want to be in a situation where you hire someone who is ‑‑ who has already had a record of stealing from you.

And, yes, it happens, whether or not that makes sense, it has happened. So bonding does put some of that back on your insurance company to do the checking for you and that may have some value to you too that may be useful.

Let's look at the next slide, 13. Related to that, don't ever fail to check your references.

Now, sometimes people say, to me, it doesn't do good to check a former reference. The only thing a former employer will say is the dates that someone worked for them. Maybe so. But you have a responsibility to hire the best people you can and the most honest and the most ethical people that you can. So you still should check the references because sometimes they'll warn you in whatever way they can that you've got ‑‑ that you've got a concern there.

You can also Google them on Facebook, and find the criminal background checks. I would suggest you might want to require a criminal background checks for the executive director and the accountant because they have a lot of responsibility. And if they have a history of stealing from a company that they worked for, you do not want them on your company's payroll.

So do check your references, however you want to approach that. You know, there are lots of ways to do it and whether or not a criminal background check is part of that is also allowable, but you will want to make sure that you have taken a good look at that.

Okay. Let's look at 14.

This is an interesting one, related specifically to your indirect cost rates and some of you are still struggling with apply your indirect cost rates, and if you are still struggling, we need to resolve that with you, because you are required to have an indirect cost rate and 10% de minimis. If you have ever had an indirect cost rate, you cannot do the 10% de minimis. You can only do it if you never had an indirect cost rate.

But a foundation of keeping the time and the effort documentation is a huge part of that indirect costs, because you divide some things up by direct staff time. So if they work on more than one grant, you know, the time of your executive director and your accountant, for sure will be some of that ‑‑ we used to call it overhead but some of the indirect costs or shared costs for all of the grants, certainly that will be part of it. That's probably who is the most important to keep these time records, in fact, is the executive director and accountant. Personnel if you have somebody who is overseeing personnel.

A lot of you have used or been using a personnel activity report. And the personnel activity report has to match up with a beginning and ending date for payroll. It can be a month if you pay twice a month. But it cannot be a month if you pay on the 15th and the 30th or, you know, whatever it is. If you pay ‑‑ no, that's not what I meant to say.

If you pay every other week, it can't be a month, because the timing is not going to correspond. So it first of all has to correspond with your time sheets if you keep a separate document. And some of you have been keeping a separate time sheet from your personnel activity report. You can use the personnel activity report for a time sheet, and that would give you more accuracy. Because if your time sheet disagrees with your PAR, then you run the risk of having ‑‑ having that whole system in question and then that affects how you use your indirect costs and it has repercussions that ripple all through your organization with all of your different grants.

So if you use the personnel activity report, we like to see the same thing being used for your time sheet, just because it gives you consistency and inconsistency is one of the biggest compliance risks related to this documentation.

It also has to be after the fact. So when you log in your time, you have to log in your thyme when you actually spent your time. You can't anticipate it and put it in ahead of time. You can't just base it on a budget where you said, okay, there's 40% here and 20% here, and ‑‑ and ‑‑ you know, whatever percent and it adds up to this. You can't decide that ahead of time. You can't decide, oh, the executive director spends 5% on lobbying and so that's going to be kept track of and not allowable and then they spend this much time on it. You can't do it in advance. It has to be actual time. So in your actual time keeping, you have to keep track of when you are working on different grants.

If your staff are having difficulty with working under more than one grant, you might want to look at how you are organized. It is certainly cleaner to keep a person working under a single grant, just for record keeping and how you assign it back and forth and so on.

It has to be signed and dated after the fact. The signature can be a person who knows the time spent. So some organizations do the individual employee, and some people do the executive directors and some do both. You have to follow your own policy on that, and we recommend you have a place like I said for time spent on anything that is not allowable. You can lobby, but you can't pay for it with federal funds. You need to carve that out so it's not an issue there.

That's also true for fund‑raising is not allowed. Now resource development is allowed and we don't have really a definition for resource development, but if you have anything that you are calling fund‑raising in your charter account, that would probably be suspect as to whether or not it's allowable because fund‑raising is not allowed. Resource development is. So, you know ‑‑ by now there's no federal definition, so you can kind of figure out what your definition of the two is and how they are separate.

But this is ‑‑ this is the document that helps you allocate time, and time is our greatest expense, right? The time they expend is our highest cost. You want to make sure that you allocated the time properly, across your different funding sources and between direct and indirect.

So if you don't know how to do that, we have some training on, it but that is an area where some centers are at risk, certainly. Just because of the ‑‑ you know, the salaries being one of the main things. They look at the salaries. When they are figuring that out.

Let's look at slide 15. Sometimes I get that question, do we have to do a PAR? And the answer to that question is: Sometimes.

(Laughter).

I know you guys love that when I say that or it depends. My favorite answer.

My suggestion is if it isn't broke, don't fix it. Use that system because it's reliable and it gives you an accurate figure.

As we move into a period of time when compliance use will happen again, I'm very interested in seeing how ACL ‑‑ the office of independent living looks at this issue in their reviews because I'm really curious about in I specific things that they feel that should be required, because when you look at the federal law, it does give some other options for keeping track of time.

They aren't as specific and I don't know if they will be acceptable or not. So we have not said, oh, yeah, you can throw out your PA R. and you can do this instead, because we are not sure that the alternative is going to be acceptable. So if we find out it is, after the compliance visits begin, we'll be very excited to tell you all about it.

[~Laughter~]

Okay. So that's kind of the end of that PAR part and we are ready for questions. Tim, I don't see any yet!

>> TIM FUCHS: Great! I'm sure they will come in. Hey, look at that, just like that.

>> PAULA McELWEE: Just like that, I say it and there it is.

>> TIM FUCHS: You can type questions in the Q&A tab. I'm also logged into the chat feature on Streamtext and if you cannot or prefer not to use those options, you are always welcome to email me at Tim@NCIL.org. Can an executive director sign their own time sheet?

>> PAULA McELWEE: It depends.

(Laughter).

>> TIM FUCHS: Of course.

>> PAULA McELWEE: It depends on what your policy says, but I would like to see that at some point after the fact the board chair signs those. They do not have to be signed before you pay someone. And so the best practice, I think, for executive directors is to put the unsigned time sheets in a folder of things for that board chair to sign when they come in or at the board meeting or whatever. And then they can review them and sign them after the fact, date their signature, and review them after the fact and then you will have them in that ‑‑ in that file. So ‑‑

>> TIM FUCHS: Okay.

>> PAULA McELWEE: Yeah. I was going to read it, but you can, Tim.

>> TIM FUCHS: Yeah, if we're a 501(c)(3), why can't we do fund‑raising?

>> PAULA McELWEE: It's like lobbying. You can do fund‑raising but not with federal money. Hopefully you can keep track of things for any fund‑raising you do, in a separate way, to make sure that you are not doing fund‑raising ‑‑ I would assume that the ACL, the office of independent living will clarify this in a FAQ because in some of our conversations for clarity here, it became clear that there is no definition for resource development, which is a requirement.

So I'm thinking an FAQ about resource development might pop up at some point because we really don't have a lot of guidance on what's fund‑raising and what is resource development. The SILC is also a 501(c)(3) able to do fund‑raising but not with federal dollars. Only resource development with federal dollars. So I would start with working on your language and talking not about fund‑raising but about resource development, because that's a starting place and then you can kind of think about what else is resource development.

>> TIM FUCHS: Thanks. If our SILC board are all volunteer council members do we need a PAR and indirect cost rate?

>> PAULA McELWEE: The indirect cost rate and the PAR are related to the SILC. So if your SILC does not have any staff, you know, then it would not apply, or if all of the staff is assigned from the DSE, which sometimes happens without you having anything to do with it, then it probably would not apply. It only applies to paid employees.

>> TIM FUCHS: Okay. Great. Ricky Lee is wondering if their electronic time sheets submitted through click time, a third party, and approved electronically are compliant.

>> PAULA McELWEE: Maybe. You have to make sure that it includes the statement about it being an accurate accounting of your time based on your policy or something like that. I have got it in the notes, but ‑‑ so that needs to be in there, even if it's signed electronically. That statement needs to be in there or you need to do a separate PAR. Dates have to match up and the time has to match up, if you do a different document.

Probably the electronic time sheet itself is not set up to do that. So probably you need to do a separate PAR in that case.

>> TIM FUCHS: Okay. She did add that they were printed out and kept for records, but that's separate from what you are talking about.

>> PAULA McELWEE: Oh, well, if they are printed out and include all of your grant possibilities ‑‑ so they could have been funded under Title 7 or they could have been funded under an employment contract with DR and it includes lobbying and resource development so that it's carved out, you probably are okay, but if it doesn't have that kind of detail, something needs to have that kind of detail.

>> TIM FUCHS: Okay. Good. Lydia asks: Okay, so she understands staff paid through federal funds are not allowed to fund raise. What about board members since they are not paid?

>> PAULA McELWEE: Absolutely. So that's one of the things that we really like to see with a strong board is some kind of a fund‑raising effort that the board makes. So maybe the board has a fund‑raising committee and they work together on events or whatever it is that they decide to do related to fund‑raising and that's absolutely allowed. How you ensure that they start doing it is a little trickier, because they have to see that that's something that they should be doing.

Sometimes you can get somebody who is really gung-ho on the board to take the lead and they can embarrass the rest of the board into helping out.

>> TIM FUCHS: All right.

And finally, missy asks when you talk about outdated items, what about computers? Our IT guy writes a death certificate. Are we allowed to donate them to schools, churches or other organizations once they are wiped clean?

>> PAULA McELWEE: Yes, actually, you can donate anything that's been purchased with federal finance if you are no longer using it and it has a usable life with another organization. You do have to make sure you covered all of the security for the information, certainly, but that would be the most ‑‑ the most important thing is making sure they are wiped clean and then handing them off, yeah.

>> TIM FUCHS: Okay. Great.

All right. Those are the questions I received on the Q&A tab, and I checks the other places and we are good. So I'm going to go ahead to slide 17, Paula and turn it over to you for part two.

>> PAULA McELWEE: All right. Not knowing what to do. The lack of knowledge can be a real detriment to your organization. You want to make sure that you have training for your staff that helps them to understand what they need to do, in order to do their jobs.

Now, we have online a lot of training resources and if ever you are trying to find something and you can't find it in the search bar, just drop me a note because I will be glad to find the exact link for you. We have some of the rapid courses which is an online self‑study thing for new board members and new staff members, but you need to look at your initial training for your new staff. They need to understand the IL philosophy, for sure. That's the very first paragraph in Title 7, is the IL if I loss financial status. And they need ‑‑ philosophy. And they need to understand how to be true to the IL philosophy and those are the key principles that we are guided by. You need to make sure that they know those.

If you see it, a situation where you are not sure that IL philosophy has really entered in the conversation, you need to bring it up. You need to talk about it in relationship to whatever decisions or policies or whatever you are working on because being true to IL philosophy means bringing truth cross‑disability and all ages and consumer control, of course, equal access. There are a lot of key principles there, community‑based, nonresidential, assisting people to live independently, are all parts of that, as are the core services.

Now, the core services are listed in the Rehabilitation Act, they are repeated in the regulations. I'm not going to go through them here, but your staff need to know what the core services are and how to provide them.

There isn't just one way to provide the core services and so it's not a bad idea for, you know, maybe your state can get together, maybe sometimes you can send your staff to our national conferences or we certainly have training on our website for all of the core services to think about them, but there are different ways that some of them are provided. Peer support comes to mind right away, because there are formal and informal peer support processes.

Some peer support is by virtue of having staff with a disability who worked with the consumer with a disability. Some is groups and some individuals and some uses volunteers. So there are lots of different approaches to one of ‑‑ that one piece of the core services. And so figuring out how your center provides them and making sure that you have everything in place for that is going to be important.

Also make sure that the data that's being entered is correct in the first place. Now, it's too late to fix this this year. But you can fix it for next year. You are going to be doing yourself a few days for it, and you are going to have to base all reports on that data. So they need to be finishing up and entering that information for the end of the fiscal year, which is September 29th is the last day of the end of the fiscal year.

But then October 1st, you can run a report for ‑‑ I mean, not ‑‑ November 1st, you can run a report for of course and see what it look ‑‑ for October and see what it looks like. So what you want to do is make sure that they are entering it correctly and if you have any problems with the data that you pull for in year, you want to teach them how to do it right and then you want to check it pretty quickly, because you can pull up the information for any period of time, not just for your fiscal year.

But lack of knowledge can get people in trouble for staff, for the board, and both of them need initial training or orientation and both of them need ongoing training. And we have lots of options to help do you that, but I suggest a calendar again so that through this period of a year, the board and the staff get training on all the key elements. You can do it for a 30‑minute section in your staff meeting or at the beginning of a board meeting. So make sure that you have that stuff in place.

Next slide. You also need to communicate your written policies and procedures. They should be accessible to everybody. Maybe everybody has a copy. Maybe there's master copy in the office or online. But you 40 do you provide the policies to people, and then how do you provide the training on key policies? So if they do what you need they were going to do. Remember, you are responsible for the regulations but you are also responsible for fulfilling your own policies and procedures.

So when you start something new, do you have a written policy and procedure as part of it, including training? You probably should for any new program. Let's look at slide 19.

If you don't have that structure in your policy and the training to support it, excuses are not going to help you out. If somebody says, oh, nobody told me. If a funder is reviewing you, they expect you to follow your policies and procedures and nobody told me is not an acceptable excuse or that's not my responsibility or I don't have time to do that, or we don't have the money to train people, none of those matter. Your expected to follow what your policies require.

And so if you are not doing, it if you are not following it, if it can't be done, change the policy. And go from there.

Let's look at slide 20. This is a bad time of year to talk about this.

(Laughter).

We all know that we're not allowed to spend too much money. You know if we don't have the money, we better not spend it, right? But it's equally important that you spend the money that has been granted to you. If you are a new executive director, and your predecessor wasn't keeping up with the spending, we are not saying you should go out and spend it all in the next week while it's still September, but you should have a budget that's realistic and you should realistically be planning to spend your granted amount because I think all of us would say we could ‑‑ if we could only do more ‑‑ well, maybe sometimes doing more includes making sure you spend your funds as you should be. If you are not spending as you planned, I know sometimes the funder is going to ask, well, why didn't you? And is your performance ‑‑ is your project performance going to be hurt because you haven't spent that money?

Most of the time underspending is due to staff vacancies, but if you have had some vacancies in your personnel costs, make sure that you look at that frequently. Because you may want to do something throughout the year to enhance that particular department. You know, you have been without a ‑‑ a supervisor for a period of six weeks, well, what can you do when the new supervisor comes in to make sure that the staff and the new person are all on the same page and funded appropriately. You can adjust your budget.

But if you underspend now, you might ‑‑ you know, you could lose ‑‑ you will lose what can't be carried over or can't be ‑‑ some of the SILCs and the part B centers, there are circumstances under which your funds can be carried over but a lot of it depends on state so talk to me about that separately if we want to sort it out with your state.

But title C ‑‑ I mean, part C doesn't carry over at all, ever right now any way. So it is important that you say, okay. My budget makes sense and my budget is spending appropriately all of these things that under the ‑‑ in the mix. So also streamline your hiring process if you can. The longer that position remains vacant, the more extra dollars you are going to have to spend some things, but also if you are underspending and don't have the staff, you are not going to get the work done. So to make sure you get the work done efficiently, you really should be spending your funds according to how it's ‑‑ how you said in your budget that you were going to do it.

So keep it rolling.

Let's look at 21. So you hear a lot about transparency. People use the phrase a lot. Well, I want to be transparent. But do we really think about transparency throughout the processes that we go through day‑to‑day? So do you know the outcomes of the things that you are doing, your grant activities and the other things that you are doing. Are you measuring somehow whether or not you are accomplishing what you said you would accomplish? If you don't, then you are not transparent just because you are not paying attention. You aren't collecting the information. You could share that, if you knew what you were measuring.

So if you have good outcome measures, share them. Let everybody know what it is that you want to accomplish with your project. And when you find errors or areas of noncompliance and you look around and you say, oops, something is wrong here, take the time to figure out what it is, what's off, what's wrong, and when you figure it out, you will know ‑‑ you know, you will know what needs to be communicated then related to that error or area of noncompliance.

It's never easy, but your board needs to know if things are going south and you need to communicate your concerns to your board. You often need to also communicate them to your consumers, certainly to your staff, certainly to your funders. So when you talk about transparency, those are ‑‑ that's your audience. That's who you are being transparent with, is these other partners, your board, your consumers and your funders. You need to make sure that you analyze what goes wrong and that your prevention is in place and you communicated what you corrected in that situation.

Let's look at 22. We talk about transparency. Some of it is mandated actually in the law. So you look here at the nonfederal entity. This is in the CFR, stands for Code of Federal Regulations. 45 CFR, and that's the financial piece. The nonfederal entity or applicant for a federal award must disclose in a timely manner anything ‑‑ all violations of federal criminal law, including fraud, bribery or gratuity violations.

And also to report certain civil, criminal, and administrative proceedings to the online system called SAM.

You have to disclose. In a timely manner. So also keep that in mind if you have any criminal activity that you uncover that's happened at your center, you need to make sure that the appropriate authorities are aware of that.

So let's look at 23. Failure to set the tone for the values of the organization. You know, we often do this through a code of ethical conduct and if you don't have a code of ethical conduct, I can certainly help you find them and you can find them online. There are a lot of them. But what is that code of ethical conduct and does it include conflicts of interest? It's key.

Now, the conflict of interest part, you just received an FAQ from your main federal funder around that conflict of interest, including nepotism and I hope you are taking a look at that and making sure that your policies and procedures take that into consideration and sometimes that you need to change your actions based open that information as you become aware of conflicts that you might not have thought about before.

But in that written code of conduct, you certainly want to pick out the behaviors that are what you expect, the positive behaviors you expect and the things that will be prohibited. And we like to see it presented to the new staff and board or council as a part of their orientation. So new members as they are coming on see that and then annually that you provide training. That's another thing for that annual calendar for your board, to include a review of the code of ethical conduct.

And many organizations feel it's so important that they request a signed copy from the people who attend the training. So keep that in mind as well.

All right. Let's look at slide 14. There are a whole bunch of resources later in this ‑‑ that I will go through pretty fast. As you look at all of these mistakes, you need to be determining all the changes that you need to be making related to any of these practices. The first step is usually updating your policy and procedure to say what you want to do. So you figure it out. And you change your behavior based on those changes.

And you want to correct your practice so that it's not violating those new policies and procedures. And you train on them, because you have to make sure that everybody is on the same page. Does everybody understand it the same way? And then on some regular basis, you do your own check list again on whether or not you are meeting these requirements.

Now, we sometimes are able to come up with more specific check lists, some of the training. You will find that there's a check list that narrows in on a specific area, but ‑‑ a specific area, but if you look at these ten areas, you will cover a lot of your risk. And if you update and correct your practices, it's really going to make a big difference. I am available to look at your policies, if you want me to, and see if there's any glaring conflicts with the ‑‑ with the regulations, the things that are required for compliance or even make suggestions if it's a practice that I think could be improved upon.

But you want to make sure that there are all of those things in place that you updated them and you will corrected your practice and you trained on it, with whoever complies with and keep on keeping on, and Tim, that's the end of my real content. I will just mention these resources as we go through real quickly. The first one is uniform guidance and Uniform Administrative Requirements. There are two references there.

CFR 200 is the general one and the specific one for our department which is HHS, is 45 CFR 75. You can type them into a search and they come up. Skip down to the ECFR, don't use the one for a college or someone else. Use the actual official ones because there are a few different ones sometimes.

And let's look at the next one. We also have sample policies and procedures for you to look at. So on slide 26, you will see that first one is policies and procedures for financial, fiscal policies and procedures specifically. So you can use those to make sure your policies are complete. If you have anything in your sample policies and procedures that references OMB ‑‑ OMB 110 ‑‑ I will get one of them one of these stays. 122, or 123, they are obsolete. If you have anything that mentions 34 CFR anything. 34 is not us. We are under 45.

So any references to 34 is obsolete.

So keep that in mind. The FAQ I mentioned on conflicts of interest is there. The self‑study tutorials for board and staff are the last thing that you can find there. And then I think I have one more. Nope. I have questions and answers!

All right. Questions?

>> TIM FUCHS: Okay. We have plenty of time for questions with Paula. So one last time. Pardon me. You can type your questions in the Q&A tab. Or the chat feature on the full screen CART or you can email them to me at Tim@NCIL.org. So the choice is yours but let's use this time. We got plenty of time to talk with Paula about compliance and troubleshooting issues we talked about today.

>> PAULA McELWEE: As you are thinking of your questions, let me just give you a cautionary tale.

>> TIM FUCHS: Hmm.

>> PAULA McELWEE: These are things that when they have gone wrong have really hurt the centers. That's why we picked them out for this conference, because sometimes a center can go so far astray. I have seen centers close over some of these very issues, because they can't sort out how to go forward and so they end up deciding they can't do it.

A couple of times I have seen boards do that. When I would think it was premature. I really thought there was a way out, but volunteer boards sometimes say, I'm just not taking this anymore, or this is too big of a risk to me as a volunteer and they will sometimes relinquish their grant as a part of that.

I have seen centers where somebody is arrested for serious embezzlement, ends up in jail. That doesn't mean that the center can recoup everything that that person stole. Their directors and officers insurance may help you with some of it, but it really puts the centers in a bind. I don't know about you all, but most centers don't have lots and lots of income or savings. Discretionary income because you can't use your grants to repay your grants for the money that was stolen.

So ‑‑ so take it seriously, I guess, that's kind of what I want to say. You know, take the time to go through and ask yourself questions about all these things, because they ‑‑ when they go wrong, they can really go wrong.

>> TIM FUCHS: Okay. We got our first question from Despina. In the majority of your staff are paid by ACO, does that mean we are precluded from fund‑raising all together? What is the workaround for that? Can we hire a consultant?

>> PAULA McELWEE: I probably have confused an issue here a little bit and let me go back and ‑‑ I'm anticipating that we will hear that some of the fund‑raising activities that centers are doing now are not going to be allowed, but we haven't heard that yet. So at this point in time, you just have your own ethical approach to, okay. Fund‑raising is not allowed, but resource development is.

So what can I define as resource development? And that seems legitimate to me? So if you are doing a gala, with high‑priced tickets and lots of prizes and all that kind of stuff, is that resource development for carrying out the mission of your center or is that fund‑raising? I don't know how it's going to be defined, but to me that feels like fund‑raising because it's not directly related to ‑‑ to the mission of the organization. It's raising funds separate from that.

If I write a grant or seek out fees for service, that pay for some of our services or supplement our other ‑‑ our other income, am I looking at fund‑raising or resource development? That feels like resource development because it's helping me to do what the grant was intended to do. But right now, there is no official definition of either.

So until we see that definition, we won't know how to adjust our own practices. I'm just anticipating that that's coming. I think we're going to see some clarification. So we ought to be asking ourselves questions because when the clarification is available to us, we may very well want to ask questions of the funder and sort out exactly what that means and how we're going to deal with it.

But you are not precluded at this point from anything that you call resource development, except by maybe wage and hour laws. You have to sort out, is it part of their job or isn't it? But hiring a consultant at this point in time, if the consultant is doing resource development, it's allowable, but if they are doing fund‑raising, it is not allowable.

So you have to sort out forever your ‑‑ for yourselves which is which. If the person is doing fund‑raising, then hopefully their salary is completely covered by the funds they raise. You know, you hope that that's going to be self‑sustaining.

If they are doing resource development, you might have a little different approach to how you do that. I hope that helps.

>> TIM FUCHS: Okay. Lydia is wondering how we can get the board involved. Most of the members are stuck in their old ways and will not actually do the tasks that the board is responsible for. What techniques can CIL directors use to make sure the board members adhere to their responsibilities and what can CILs do when the board members don't do what they should, even after training them. Who can they ask for help?

>> PAULA McELWEE: Yeah. What you need to do is get a new board.

>> TIM FUCHS: Mm‑hmm.

>> PAULA McELWEE: And I ‑‑ I wish it were simpler than that. It isn't, and because of our consumer control requirement, sometimes we don't look for the right board members because we will look close at hand to people we know through services and we don't always find those folks that are better at fund raising that might be a little further outside of our immediate circle of people we know. But, you know, hate ‑‑ I hate to say it, but that's probably where you are going to go. Now how you approach that, you do the training that you mentioned. You do make sure that you have, you know, a job description for board members that includes fund‑raising as a responsibility. You do make sure that you have, you know, policies and procedures for supporting that. You do everything you can to get the current board to act in the way you want them to, but if they will not, or do not, there is a point at which you ask yourself, okay, how do I start finding new board members.

>> TIM FUCHS: Mm‑hmm.

>> PAULA McELWEE: And then I see she's asking, well, how can we do that when the current board members don't want to leave but don't allow change. And not allowing term limits, I see. Now, you know, the regulations don't require term limits for board members but they do require term limits for SILC councilmembers. It's a two‑edged sword because you find that if you ‑‑ if you have term limits, sometimes you lose people you really want ‑‑ that you don't want to lose.

But overall, I think term limits is useful, because you do begin to get people that hopefully will be more dedicated to the cause.

You know, as far as the ‑‑ how you do it, you just keep looking for those good people and get them on the board and if it means you have a bigger board, then that's who votes for the term limits, that may be where you will go and it will not happen fast, because that's ‑‑ that's where you need to go.

>> TIM FUCHS: Great. Thanks, Paula. Sorry about, that I couldn't get myself unmuted in time.

>> PAULA McELWEE: No worries.

>> TIM FUCHS: The next question comes from Adonis. As the director of the Missouri SILC, I'm an independent contractor under contract. I control all the financial records and reporting. I'm moving away from writing checks to electronic payment through Mo SILCs bank account. I have the treasurer to email me authorization to draw down my monthly pay. Is this enough?

>> PAULA McELWEE: Well, you know, you are probably not dealing with a whole lot of money, I would guess, but I guess I don't know that for sure. It's not quite enough, but I'm not sure how to sort it out. Why don't we sort that out sometime, Adonis on a separate call. But if you look at the financial ‑‑ the sample financial policies, it was one of the resources that you saw there, it has a bulleted list that says these ‑‑ these duties should be separated and it has three different categories ‑‑ maybe sure different categories because there's one for an audit or two.

So it includes some administrative assistance, which councilmember could do. The executive director, and then whoever does the accounting.

But you certainly can separate those out, and it says under no circumstances should the person who writes the checks do any of these duties and I think if you are moving away from writing the checks, and it's an electronic payment from the bank, that's good, but there are some things you should not also be able to do. So finding somebody to do those six things would probably be the most critical. Take a look at those sample policies and I think it will give you some ideas.

>> TIM FUCHS: Okay. Thanks, Paula.

All right. We have a few more minutes for questions if y'all want to take advantage, we will leave this open for another moment to see if any more come through. Again, you can tape them in the Q&A tab, or chat in Streamtext or you can email me at Tim@NCIL.org. Okay. We will give it just another moment to see if anything comes in.

>> PAULA McELWEE: And I think the next slide will be contact information.

>> TIM FUCHS: Yeah, I think that's right.

Okay. Here's a question from Jeremy. Ohio center here. We lost some staff and now have some of our grant left over at the end of the fiscal year. We have been putting off a couple of purchases that need to be ‑‑ that we need to make to ensure we store our files safely. Can we use the extra money for these purchases?

>> PAULA McELWEE: Probably. You will need to follow your own purchasing policies about the level of expense and who approves it. But if you can show that it's reasonable, you know, in other words, you have compared prices and you got a reasonable deal on the item that you purchased, if it's over $10,000 in volume ‑‑ I mean, in value, you will need to take an approach of finding multiple, you know, bidders or prices to make sure you get the best price.

But if it's less than that, you can use what they call a fairly informal process.

(Chuckles)

Which means are just checking the prices and documenting it, but has to be reasonable and necessary. If you can show that it's necessary for confidentiality and it has to be allocated properly to your different funding sources. You condition charge it all to the ‑‑ you can't charge it all to the 7C grant just because you have more money there. You have to share it among the different funding sources. Those are the things that you need to do. If you do those things and you can show, it's a value to you, you can spend or commit the funds through September 29th.

Remember that our fiscal year has shifted by a day. And September 30th is the first day of next fiscal year. Just to keep us on our toes.

>> TIM FUCHS: All right. Thanks, Paula. Okay. I don't see any more questions. I'm going to go ahead to slide 28 here. This is the link to the evaluation form. It's not a live link, meaning you can't click on it in the webinar, but hike I said, when I close the webinar today, it will open on your screen and if it doesn't, or if you need to go circle back to it, again, it was in that confirmation email that included the connection instructions for today's call.

We try to keep these short. Please do give us your thoughts. We would love to know what your thoughts are on the call and what we might to do to improve our presentations in the future.

And, I say this about all of our presenters but with Paula, it's really true! You can contact her any time you want. Because she's not just on contract for a webinar. This is what she does is provide technical assistance to all the CILs and the SILCs. She's a household name in the IL movement. I'm sure you have worked with her or know her. If you are new or were not aware of that, then please save this information.

And, let me offer myself as a resource as well. My email is very simple, just Tim@NCIL.org, and while it's Paula's full‑time job, all of us on the IL‑Net provide technical assistance, day in and day out to CILs and SILCs, and so you are welcome to contact any of us. Whether you have questions about today's webinar, or really anything related to CIL and SILC operations, Rules, programs, services, whatever, so we would love to hear from you. We really mean it.

So with that, it's almost the end of our call. It's 4:29 here on the East Coast. We will go ahead and wrap this up. Paula, thank you so much! This has been great.

>> PAULA McELWEE: Thank you.

>> TIM FUCHS: It was a really great snapshot of the tough that gets people in ‑‑ the stuff that gets people in you believe electric. We had a great audience today. I appreciate all the questions and you all taking the questions and being engaged. This will be archived. You can access this at ILRU's website. It will be up in at least 48 hours. Usually sooner than that. So check it out. You can share it with your colleagues. You can watch it. It includes the video, the PowerPoint and the captioning. So it's pretty cool.

I hope you all have a wonderful afternoon and we will talk to you soon. Bye‑bye!

>> PAULA McELWEE: Bye.