

OHIO AUDITOR OF STATE

KEITH FABER

Writing Effective Policies & Procedures

Presented by:  
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Objectives

- Identify the necessity of having organizational policies & procedures
- Understand the differences between policies & procedures
- Understand the link between an organization's values and its policies and procedures
- Learn the process of writing effective policies & procedures
- Examine the principles behind successful policy & procedure implementation
- Understand the necessity of updating and revising policies & procedures
- Examination of some real-world examples

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Definition

**Policy:** *(Tells us **What** to do and **Why**)*

- Rule
- Standard
- Guideline
- Philosophy
- Objective

**Procedure:** *(Tells us **When** and **How**)*

- Protocol
- Steps
- Instruction

\* Note – A procedure can be written without the existence of a policy

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## Why Do We Need Policies & Procedures

A **Policy** is a direct link between an organization's vision and their day-to-day operations.

While

A **Procedure** is a series of routine steps to accomplish an action. Well-written procedures eliminate misunderstandings by identifying job responsibilities and establishing boundaries for job holders.

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## Differences Between Policies & Procedures

### Policies:

- Major in nature
- Identify governmental rules
- Explain why they exist
- Tell employees when the rule applies
- Describe who it covers
- Describe the consequences

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## Differences Between Policies & Procedures

### Procedures:

- Identify specific actions or steps
- Explain when to take action
- Describes alternatives
- Includes warnings and cautions
- Gives examples
- Shows how to complete forms
- Are normally written using and outline format

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### Benefits of Policies and Procedures

- Employees are provided with information that allows them freedom to carryout their jobs and make decisions within defined boundaries.
- Enable the workforce to clearly understand individual and team responsibilities
- Employees understand the constraints of their job without using a “trial and error” approach.
- Clearly written policies and procedures allow managers to exercise control by exception rather than “micromanaging” their staff.
- Policies provide guidance on how to handle issues properly.
- Sticking to policies and procedures can help reduce the chances of things going wrong and ensure consistency and professionalism.

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### Definition of Core Values

Policies & procedures flow directly from a Government's **Core Values** that define the acceptable standards which govern the behavior of the individuals within the governmental organization to be aligned with the mission and vision.

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### 5 Ways to Ensure Core Values

- 1) Communicate the values
- 2) Enroll new employees
- 3) Revisit and refresh values
- 4) Confront contradictory behavior
- 5) Periodically check with feedback

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### High Level Board Policy

Relate to the governance of the organization and not the day-to-day operations.

They do not require a procedure

Are related to a mission, a strategic plan, external communication, codes of ethics, organizational values, issues affecting staff and compliance with legislation.

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### When is a Policy Necessary?

- If the actions of employees indicate confusion about the most appropriate way to behave
- If guidance is needed about the most suitable way to handle various situations
- When needed to protect the company legally
- To keep the company in compliance with governmental policies and laws
- To establish consistent work standards, rules and regulations
- To provide consistent and fair treatment for employees

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### When is a Procedure Necessary?

- When a process is:
  - Lengthy (year-end inventory)
  - Complex (benefits administration)
  - Routine but is essential that all follow the rules (payroll)
  - Demands consistency (handling a refund request)
  - Involves documentation (zoning permits)
  - Involves a significant change (installing a new computer system)
  - Has serious consequences if done incorrectly (safety guidelines)

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Developing a Policy/Procedure

- Articulate the Goal
- Gather information – the pre-writing research
  - Conduct interview with managers and employees regarding current practices and ideas
  - Perform a literature search on the topic of writing policies and procedures
  - Perform an internet search for industry specific example policies and procedures
- Develop and write
- Review
- Obtain management support to ensure proper oversights and direction
- Obtain a legal review for guidance and compliance
- Implement
- Communicate through the organization

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Helpful Hints when Writing

Use:

- Plain language
- A constant format
- Present tense
- Second or third person tense
- Short sentences
- Authoritative and definitive tone

Write with:

- Context Consistency Completeness
- Control Compliance Correctness
- Clarity

Avoid:

- Time sensitive information
- Use of jargon, slang or overly technical words

Additionally:

- Make it easy to find information
- Spell out acronyms
- Be factual

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Template

A POLICY& PROCEDURE DOCUMENT TEMPLATE

TITLE OF POLICY OR PROCEDURE	DOCUMENT#
	EFFECTIVE DATE
	REVISION DATE
	REVISION#
	PAGE #
	APPROVAL
1.0	Purpose: Describe the objective
2.0	Persons Affected: Identifies the users
3.0	Policy: Describes the general organizational attitude of the company
4.0	Definitions: Defines abbrev, acronyms, terms, forms
5.0	Responsibilities: summaries roles of individuals involved in this document
6.0	Procedures: Defines the outline rules
7.0	Document Approvals: Name, title, and date of approvers
8.0	Revision History: Show list of document changes to this document

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## Who should Participate in Writing Procedures

- Team participation is encouraged to include various duties:
  - Persons performing the job
  - Persons who perform maintenance on equipment involved in the procedure
  - Safety personnel as needed

## After Writing Procedures, Consider the Following

- Can the procedure be performed in the sequence it is written?
- Can the user perform the procedure without needing direct assistance or additional information from persons not specified by the procedure?
- Is there a need for any special controls on data collection and project record keeping?

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## Updates and Changes

The following questions should be considered when reviewing a policy or procedure to determine if revision is necessary:

- 1) Are the active Policies and/or Procedures still up-to-date and comprehensive?
- 2) Do all forms and illustrations contain the most current information?
- 3) Are the control points still logical and strategic?
- 4) Has management changed either in personnel and/or in strategic viewpoint?
- 5) Has technology advancements rendered a procedure obsolete?

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## Key Financial Policies

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| <ul style="list-style-type: none"> <li>• <u>Planning &amp; Budgeting</u> <ul style="list-style-type: none"> <li>• Fund Reserves</li> <li>• Long-term financial planning</li> <li>• Capital Assets &amp; Planning</li> <li>• Economic Development</li> <li>• Budgeting</li> </ul> </li> <li>• <u>Treasury</u> <ul style="list-style-type: none"> <li>• Investments</li> <li>• Revenue Control</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• <u>Accounting &amp; Financial Reporting</u> <ul style="list-style-type: none"> <li>• Grants</li> <li>• Procurement</li> <li>• Risk Management</li> <li>• Internal Control</li> <li>• Audit</li> </ul> </li> <li>• <u>Debt Management</u> <ul style="list-style-type: none"> <li>• Affordability</li> <li>• Continuing Disclosure</li> </ul> </li> </ul> |
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### GFOA's Financial Policy Challenge

- What is the Financial Policy Challenge?
- It is a GFOA-wide effort to encourage members to adopt and share financial policies that are essential to a strong financial foundation.
- A GFOA survey showed that significant portions of the GFOA membership do not have some of the policies that GFOA considers critical.
- This information can be found at: [www.gfoa.org/financial-policy-challenge](http://www.gfoa.org/financial-policy-challenge)

How many policies have been submitted?

21 Capital Planning	17 Balanced Budget	24 Debt	10 Long-Term Planning	34 Reserves
10 One-Time Revenues	11 User Fees	31 Investing	1 Economic Development	22 Procurement

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### Some Real-World Examples



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