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# NEIGHBORHOOD REINVESTMENT CORPORATION ORGANIZATIONAL ASSESSMENT DIVISION

## PROGRAM REVIEW PROCESS

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# ABOUT THE PROGRAM REVIEW PROCESS

Neighborhood Reinvestment Corporation has established a uniform Program Review process with the goal of promoting and maintaining productive, well-managed, non-profit partnership organizations delivering high quality services which are responsive to local needs. Organizations that wish to join the NeighborWorks® network are required to participate in a Program Review in order to evaluate their capacity to meet NeighborWorks® network charter membership standards, and the P.R.O.M.P.T.™ program review performance objectives. Current network members must participate in regularly scheduled program reviews to evaluate their capacity to maintain these standards and objectives. The purposes of the Program Review are to help to:

- Enhance the **Performance and Productivity** of network organizations.
- **Measure the Health & Risks** of network organizations and the network as a whole.
- **Assure Compliance** with Neighborhood Reinvestment Corporation, Neighborhood Housing Services of America, Inc. (NHS) and related contract and network standards.
- **Promote the Mission** of Neighborhood Reinvestment Corporation.
- **Evaluate newly developed or potential affiliate organizations** to ensure the capacity to meet network membership standards and performance objectives.

In order to achieve these goals, the Neighborhood Reinvestment Corporation has developed a uniform Program Review system that is based on evaluating performance expectations and associated risks in six key areas best identified by the acronym "**PROMPT**"™. The Organizational Assessment Division has established review procedures and tools to help the reviewer and the organization assess its health and performance in the following areas:

**P - PLANNING** (Mission/Operational Planning/Neighborhood Development)

**R - RESOURCE DEVELOPMENT** (Resource Development/Fundraising)

**O - ORGANIZATIONAL OVERSIGHT** (Corporate/Board/Committee/Partnership)

**M - MANAGEMENT**

- Financial Management and Accounting
- Contract Management and Compliance Systems
- Personnel and Administrative Management

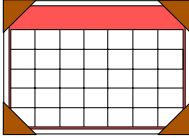
**P - PRODUCTION/PROGRAM SERVICES** (Productivity/Impact/Quality)

**T - TECHNICAL OPERATING SYSTEMS** (Procedures/Tracking/Documentation)

A typical program review involves two phases, an off-site review of documents and preliminary telephone interviews with selected staff and partnership members, followed by an on-site visit (3-5 day) for additional interviews, observations and document/procedures review. The off-site preparation is used to develop a more efficient and focused on-site evaluation of 1) the organization's mission, goals & objectives; 2) the availability of resources to accomplish these plans; 3) the organization's structure, its partnership, and corporate policies, procedures and practices; 4) day-to-day management of personnel & administrative needs; and financial and contract management; 5) program services and production; and 6) the various technical operating systems needed to effectively deliver the services or to carry out future plans.

# Program Review PROMPT™ Performance Objectives

## I. PLANNING



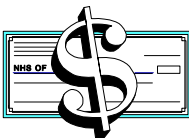
1) The program review **PLANNING** performance objective is to ensure that the NeighborWorks® organization or potential affiliate has adopted a mission that includes low income community revitalization and/or producing low-mod affordable housing.

2) It further encourages an annual partnership strategic planning process that evaluates past successes and identifies the optimal role for the organization in continuing to achieve its mission.

3) The planning process encourages results that include written identification of specific goals and objectives; establishment of service delivery strategies and timetables; clarification of staff and dollar resource needs; and development of Board policies and priorities that direct the organization's efforts.

**Risk:** Undefined, undocumented and unapproved goals fail to provide clarity to Board members and staff, and could lead to inconsistent services, limited impact and wasted resources. A lack of cyclical planning can reduce consensus and jeopardize the Organization's image, resources and effectiveness.

## II. RESOURCE DEVELOPMENT



1) The program review **RESOURCE DEVELOPMENT** performance objective is to ensure that the NeighborWorks® organization or potential affiliate has adequate operating and capital resources to support current organizational needs.

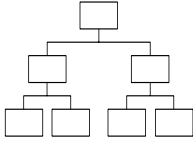
2) An active oversight process is in place to continually monitor fund raising progress and cash flow needs to ensure that adjustments are made to the budget and resource development plans as needed.

3) The organization is further encouraged to develop and approve specific budget goals that are supported by structured resource development plans and realistic strategies to raise current and future operating and capital budgets.

**Risk:** Unrealistic fund raising projections, poor strategies and limited efforts can lead to funding deficits. An inability to evaluate cash flow requirements can cause inadequate reserves to meet funding needs. A lack of establishing specific resource development plans can lead to lost fund raising opportunities.

# Program Review PROMPT™ Performance Objectives

## III. ORGANIZATIONAL OVERSIGHT



1) The program review **ORGANIZATIONAL OVERSIGHT** performance objective is to ensure that the NeighborWorks® organization or potential affiliate has established a 501(c)3, resident-led partnership organization (with local business/lender and government members) that maintains its operations and documentation in a manner that does not jeopardize its tax-exempt status.

- 2) A Board of Directors, Bylaws, Policies and related structure and procedures are in place and consistently followed to effectively direct and oversee volunteers, staff and activities, while ensuring that there are no legal impediments which could put the corporation at risk.
- 3) The organization is further encouraged to develop organized resident participation in the corporation's leadership, decision making and activities.

**Risk:** Insufficient exercise of legal and fiduciary responsibilities could create unnecessary liabilities for the corporation and its members. Inadequate volunteer participation and orientation, and a lack of cyclical staff evaluations and training, can lead to ineffective management and unproductive turnovers.

## IV. MANAGEMENT



Neighborhood Reinvestment monitors NeighborWorks® network activities and promotes performance standards to help current and potential network members operate in a business like fashion. The program review looks at the following three areas of management: financial, contract compliance and personnel/administration.

### A. FINANCIAL MANAGEMENT

- 1) The program review **FINANCIAL MANAGEMENT** performance objective is to ensure that the NeighborWorks® organization or potential affiliate maintains an accounting system and audit procedures that meet resource requirements and good business practices.
- 2) The accounting structure, procedures and practices ensure accurate, timely and reliable records while maintaining reasonable internal controls.
- 3) The financial management staffing structure and reporting practices ensure that the organization can meet contract requirements and can provide the organization's management with adequate information on a regular basis.
- 4) The organization's financial oversight and decision making practices ensure that corporate management meets its fiduciary responsibilities, safeguards the organization's assets and complies with NeighborWorks® membership and other contributor requirements.
- 5) It further encourages the organization to have a process for the on-going training of current and new Board and appropriate committee members on how to analyze and understand financial statements and reports.

**Risk:** Inadequate accounting systems and procedures; improper or untimely record keeping, and insufficient staffing, reporting and oversight can lead to poor financial management decisions and practices that jeopardize the organization's viability, audit quality and fund raising potential.

# Program Review PROMPT™ Performance Objectives

## IV. MANAGEMENT (continued)



Neighborhood Reinvestment monitors NeighborWorks® network activities and promotes performance standards to help current and potential network members operate in a business like fashion. The program review looks at the following three areas of management: financial, contract compliance and personnel/administration.

### B. CONTRACT COMPLIANCE

- 1) The program review **CONTRACT COMPLIANCE** and Contract Management performance objective is to ensure that the NeighborWorks® organization or potential affiliate has monitoring, documentation, reporting and decision-making practices to comply with contractual agreements and NeighborWorks® membership criteria.
- 2) It further encourages the establishment of a system to stay informed of applicable laws, regulations and contract requirements to minimize future liabilities and to avoid making contractual commitments that are beyond the organization's capacity.

**Risk:** Failure to meet contract expectations can lead to a loss of revenue and legal difficulties. An inability to understand and identify legal and contract demands prior to their approval, can lead to unexpected liabilities and a loss of credibility.

### C. PERSONNEL/ADMINISTRATION

- 1) The program review **PERSONNEL/ADMINISTRATIVE MANAGEMENT** performance objective is to ensure that the NeighborWorks® organization or potential affiliate has implemented Personnel Policies, employee management and administrative procedures.
- 2) It further encourages the development of a staffing structure and positions that are clearly defined and adequate to carry out the organization's goals while promoting staff cohesiveness, coordination and effectiveness.
- 3) It further encourages regular performance appraisals of the Executive Director and staff.

**Risk:** Inadequate personnel policies and administrative practices can cause reduced staff effectiveness and lead to unnecessary turnovers, poor administration of services and an inability to meet goals.

# Program Review PROMPT™ Performance Objectives

## V. PRODUCTION/PROGRAM SERVICES



1) The program review **PRODUCTION/PROGRAM SERVICES** performance objective is to ensure that the NeighborWorks® organization or potential affiliate has selected and implemented services that meet all funding source requirements for type, eligibility, quantity and quality.

- 2) It further encourages the establishment and implementation of production goals and objectives that are compatible with the organization's mission and capacity.
- 3) It further encourages the implementation of services that are congruent with the local market; desired impact and Neighborhood Reinvestment mission.

**Risk:** Services that do not meet partnership and funding source expectations can lead to dissatisfaction and reduced participation and support. Attempting services beyond the Organization's mission or capacity can lead to wasted resources and lessened cost effectiveness.

## VI. TECHNICAL OPERATING SYSTEMS



1) The program review **TECHNICAL OPERATING SYSTEMS** performance objective is to ensure that the NeighborWorks® organization or potential affiliate has implemented standard operating procedures and practices, and has maintained complete and orderly records that are consistent with corporate policies, legal requirements and funding source requirements.

- 2) It further encourages the development of technical operating & tracking systems and records that promote an effective and efficient delivery of services.
- 3) Periodic review of the procedures and records is encouraged to assess their consistent implementation and compliance with requirements.

**Risk:** Lack of written and approved operating policies and procedures for each major program service component may lead to inconsistent and unapproved service delivery. Incomplete or inappropriate documentation can lead to non-conformance with contracts and loss of funding.

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**NEIGHBORHOOD REINVESTMENT CORPORATION**

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