



PROMPT[®] OAS Assessment Process

**Measuring the Capacity and
Performance of Nonprofit Organizations**

Organizational Assessment Services

Updated July 2016



OAS Assessment Overview

NeighborWorks® America has established an organizational assessment process with the goal of promoting and maintaining productive, well-managed, nonprofit partnership organizations delivering high quality services that are responsive to local needs. NeighborWorks utilizes a uniform program review process to conduct periodic, on-site assessments of the capacity and performance of all of its more than 240 network affiliates. Applying a similar approach for non-network members, NeighborWorks offers Organizational Assessment Services (OAS) to provide fee-based assessments adapted to meet the needs of community development organizations. OAS assessments enable organizations and sponsors to gain an objective evaluation to help:

- Promote the mission of organizations
- Enhance the performance and productivity of organizations in their efforts to achieve excellence
- Measure health, capacity, and impact to ensure that nonprofit organizations meet performance objectives
- Assure management systems are in place to comply with sound business practices, promoting sustainability.

For organizations both inside and outside its network, NeighborWorks® has developed a uniform capacity assessment system based on evaluating performance expectations and associated risks in the following six key areas identified by the acronym **PROMPT®**

PRODUCTION/PROGRAM SERVICES (Lines of business – impact / sustainability / capacity / monitoring / infrastructure)

RESOURCE AND FINANCIAL MANAGEMENT (Resource development, financial health and financial management, accounting systems and procedures)

ORGANIZATIONAL MANAGEMENT AND BOARD GOVERNANCE (Corporate leadership, board oversight, and committee / task groups)

MANAGEMENT- STAFFING AND PERSONNEL (Staff structure, policies, and capacity)

PLANNING (Multi-year strategic and annual operational planning)

TECHNICAL OPERATING and **C**OMPLIANCE SYSTEMS (Program service delivery procedures, client and contract management and compliance systems)

For OAS assessments NeighborWorks typically contracts with a sponsor, which may be a state or local housing agency, foundation, intermediary, or another funder. The sponsor may engage OAS for the benefit of nonprofit partners to help them build capacity and enhance sustainability.

Once NeighborWorks defines the scope of work in conjunction with the organization and sponsor, the OAS assessment process follows in four phases:

1. **Planning:** Introduce the assessment process to the executive director/CEO, confirm availability for an on-site review, and further define the focus. Initial confirmation and planning seeks to actively engage the organization's leadership in the PROMPT process. Then OAS introduces



the organization to consultant(s) as the reviewer(s) who will conduct the assessment.

2. **Discovery:** Establish and conduct off-site information gathering based on a request for and review of agreed upon documents as well as phone interviews with selected staff, board members, and partners. The off-site preparation is intended to set the stage for an efficient and focused on-site analysis.
3. **Site Visit:** Plan a two to three day on-site visit collaboratively with the ED/CEO about 60 days after engagement of the reviewers. The on-site portion of the assessment enables OAS to learn more about day-to-day management, review additional documents, view selected project sites, and interview key stakeholders. The site visit typically concludes with an exit meeting with organizational leadership, potentially with representation from the sponsor. Reviewers highlight potential risk issues and key opportunities and solicit feedback from the organization prior to report preparation.
4. **Report:** Complete the assessment report, first preparing a “draft for comment report” for the organization’s review. Upon receipt of written comments, complete the final assessment report identifying recommended improvement opportunities. OAS sends the final report between 90 and 120 days after the start of the process.

About the Organizational Assessment Process

NeighborWorks initially designed the assessment process to build on the collaborative relationship with its network affiliates by facilitating a self-assessment. With some adjustments this assessment process has proven to be a valuable capacity building tool for a variety of organizations. OAS depends on active participation by the organization's leadership prior to, during, and just after the site visit. The assessment brings greatest value when board members and staff leadership participate actively in the planning, discovery, site visit, and reporting stages of the process.

EXECUTIVE SUMMARY: Overview noting the prioritized recommendations.

PROMPT® SUMMARY OF RESULTS: Each PROMPT area includes general observations and a description of current capacity and strengths leading to identification of specific improvement opportunities and recommendations.

Production/Program Services
Resource and Financial Management
Organizational Management and Board Governance
Management – Staffing and Personnel
Planning
Technical Operating and Compliance Systems

CONCLUSION: Final observations with recommended next steps.

APPENDICES: May include additional information and data to supplement the analysis in the body of the report including helpful program models and templates.



Draft Report and Comment Process

Following the site visit NeighborWorks prepares a draft capacity assessment report and sends it to the ED/CEO and the board president for review and comment. OAS considers all comments on the draft in the process of finalizing the assessment report. Through the review and comment process, the organization may communicate any of the following responses:

1. Accept the report without any changes;
2. Provide a written response and appropriate documentation to provide comments and request correction of any substantial inaccuracies; or
3. Provide a progress update on any actions taken or planned since the site visit. An organization may request inclusion of its written comments, unedited, in the appendix of the final report. It is not possible for the reviewer to cover all aspects of the organization's operations or achievements, so this process provides added quality assurance.

Final Assessment Report

The final assessment report identifies and recommends opportunities for the organization to build its capacity and improve its performance. These may be steps the organization can take in partnership with the sponsor or other supporters. Recommendations may respond to significant risk or improvement issues that, if left uncorrected would jeopardize the health and performance of the organization. This process is an extension of the NeighborWorks America mission to build and sustain healthy, productive, and effective organizations. The final report concludes the assessment.

PROMPT® Performance Objectives

Production/Program Services

1. **Impact:** The organization has identified, approved, and implemented program services (lines of business) and production that are consistent with its mission, goals, and plans.
2. **Sustainability:** Program services have produced added value for communities or populations served, providing a base and track record to sustain or expand its efforts.
3. **Capacity:** Staffing, professional services, partnerships, and board support are sufficient to sustain or increase impact, production, and program service goals and future commitments.
4. **Monitoring:** Establishment of an ongoing process to compare current progress and capacity with future expectations and challenges to ensure services can meet multi-year commitments.
5. **Infrastructure:** Implementation of policies, procedures, and documentation systems to ensure its programs and service delivery practices are consistent and sufficient to meet commitments to funding sources.

Risk: Services that do not meet internal goals can lead to poor financial performance and lack of sustainability. Services that do not meet partner and funder expectations can lead to dissatisfaction and reduced participation and support. Inadequate infrastructure can lead to loss of resources.



Resource and Financial Management

Resource Management

1. **Sustainability:** The organization has planned for and raised adequate resources to support current year operating and capital needs including cash flow and reserve needs. The resource development strategies (operating and capital) are clearly documented with specific goals, timetables, and responsibilities and reflect a goal of achieving a broad base (grants, contracts, contributions, fees, earnings) of continuing support.
2. **Capital & liquidity:** The organization has accumulated adequate operating and capital reserves and net assets to sustain itself beyond the current year and potentially to expand its activities.

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

Financial Management

1. **Management:** The organization has established and maintains adequately trained management, staffing, and governance oversight capacity related to resource and financial management.
2. **Financial reporting and internal controls:** The organization has established, documented, and maintains an accounting structure and financial recordkeeping procedures and practices that provide adequate internal controls, safeguard resources, and produce accurate, timely records for operations and program services.
3. **Monitoring and planning:** The organization implemented a reliable, ongoing process to effectively monitor and sustain its financial health; this includes preparation of adequate financial planning and oversight reports such as budget, budget-to-actual comparisons, cash flow projections, operating and development pro forma, and capital needs projections.

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

Organizational Management and Board Governance

1. **Governance:** The board of directors has established a governance model and structure that clearly defines the authority, roles, and responsibilities of the board, its committees, and executive management in establishing and fulfilling the organization's mission and safeguarding its resources.
2. **Management of the CEO/executive director:** The board has selected, supports, and regularly evaluates paid executive leadership.
3. **Strategic planning and evaluation:** The board has created a strategic plan for the organization, regularly evaluates progress toward the plan, and approves necessary course corrections.



4. **Oversight:** The board monitors and strengthens the organization and its programs.
5. **External support and compliance:** The board ensures financial, legal, and ethical integrity of the organization.
6. **Self-Assessment:** The board engages in a self-assessment process periodically to evaluate its capacity and performance in achieving its objectives.

Risk: Insufficient exercise of management and oversight responsibilities could create unnecessary liabilities for the corporation. Inadequate volunteer participation and orientation and a lack of cyclical evaluation can lead to ineffective board, committee, and staff functioning and unproductive turnover.

Management Staffing and Personnel

1. **Staff structure:** The organization has established a structure with clearly defined staff responsibilities and reporting relationships to support corporate functions.
2. **Policies:** The organization has established human resource policies and provides periodic evaluations of its staff in fulfilling clearly defined roles and responsibilities.
3. **Recruitment, skill development, and compensation** practices encourage tenure and skill levels needed to achieve future-year commitments and plans.
4. **Staff meeting and reporting practices** encourage productive communications and timely, coordinated actions and decisions to sustain the organization's operations and services.

Risk: Inadequate human resource policies and management practices can cause reduced staff effectiveness and lead to excessive turnover and an inability to meet goals.

Planning

1. **Mission and annual plan:** The board, in partnership with senior staff, has defined the mission and established an annual operating/business plan that clearly identifies the primary lines of business, goals, and needs, with desired outcomes to benefit low-moderate income households and communities.
2. **Plan evaluation:** The board, in partnership with senior staff, has implemented a process to evaluate the success of its plans. This includes achievement of goals, continued relevance to its community and partners, adequacy of resources and staffing to sustain efforts, and effectiveness of service delivery strategies and approaches.
3. **A multi-year strategic plan** established by the board identifies organizational and line of business (service) goals, needs, and outcomes.
4. **An organizational planning process** that involves its board and staff leadership is encouraged, including adequate opportunities for input from its partners and stakeholders to ensure an understanding of community needs and expectations.



Risk: Poorly defined plans and goals that do not provide clarity to board members and staff may 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.

Technical Operating and Compliance Systems

1. **A contract management system** is in place that identifies oversight, documentation, and reporting responsibilities to ensure compliance with all contracts and service agreements.
2. **Contract review** occurs according to an established process for all contracts and agreements prior to approval ensuring that board and staff clearly understand the obligations and impacts on the organization.
3. **Organizational policies, procedures, practices, and client management systems** comply with regulations and partner expectations and provide accurate and timely reporting to key funders. A process is in place to ensure that policies and procedures stay current with organizational changes, applicable regulations, and line of business standards.
4. **Organizational policies and procedures** receive periodic evaluation to maximize staff service delivery efficiency and to provide annual and multi-year trend analysis.

Risk: A lack of written and approved operating policies and procedures for each major program service component may hinder service delivery. Inadequate client management, service delivery, and contract management systems can lead to non-conformance with contracts and loss of funding. Failure to identify legal and contract requirements prior to approval can lead to unexpected liabilities and a loss of credibility and funding.

Targeted Assessments

Some OAS assessments may be more limited in scope and may not include a site visit. These assessments may be targeted primarily toward one or more community development lines of business such as lending or real estate development. Others have focused on one or more of the PROMPT performance objectives. For example, OAS has conducted targeted assessments that have looked closely at an organization's financial health. Because targeted assessments can be quite varied, please contact OAS to discuss a potential scope of services.

For More Information

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