

NAVREF NPC Self Assessment Tool

The following standards are offered to VA-affiliated nonprofit research and education foundations established under 38 USC 7361-7368 as a means to assess four main areas of typical NPC operations: programs, governance, finances and selected management topics. Along with items required under the NPC authorizing statute, VA policy reflected in VHA Handbook 1200.17 and occasional VHA policy memos, or required by other oversight or regulatory organizations, this tool offers additional standards that reflect a higher, but not required, level of competence. NAVREF encourages NPCs to use this tool to ensure compliance with minimum requirements, but also to set goals and timelines to achieve standards identified as “reach goals.”

Note: Research supported by NPCs is subject to VA regulation and oversight and the requirements of private and non-VA federal funding agencies. **This self assessment tool is not intended to assess compliance with regulations applicable to the conduct of research.**

Key:

S	= Required by the NPC authorizing statute 38 USC 7361-7368	Minimum standards; “yes” responses indicate the NPC “meets” the standard
M	= Mandatory requirements of regulatory or oversight organizations other than VA	
H	= Addressed in Handbook 1200.17 or other VHA policy	
EP	= Expected practice; not specifically mandated, but generally expected of nonprofits	Reach goals; one or more “yes” responses indicate the NPC “exceeds” the standards
BP	= Best practice; reach goals recommended, but not specifically mandated under state or federal statutes or regulations	
*	= Management areas subject to particular scrutiny	

I. Mission and Programs

Each VA-affiliated nonprofit research and education corporation (NPC) should have a well-defined mission consistent with the authorities and purposes established under the NPC authorizing statute, Title 38, Subchapter IV, Sections 7361-7368. All programs supported by the NPC must be consistent with that mission.

A. Mission

		Standard	Checklist	Documentation
1	S	Research and education programs supported by the NPC are consistent with the NPC’s purpose and its authority to support VA research and education under 38 USC 7361-7368.	Yes No	Minutes and expenditure documentation
2	EP	NPC has a board-approved mission statement consistent with its statutory authorities and its tax exempt purposes.	Yes No	Mission statement
3	BP	The board reviews the mission statement at least every three years.	Date of last review: _____	Minutes or dated bylaws
4.	BP	The board establishes and periodically reviews short term and long term goals for the NPC.	Date of last review: _____	Minutes
		NPC <input type="checkbox"/> meets or <input type="checkbox"/> exceeds the minimum standard regarding mission.	Yes No	

NAVREF NPC Self Assessment Tool

B. Program Evaluation

		Standard	Checklist	Documentation
1	S	*NPC does not spend funds for a research project unless the project has been approved by the VAMC R&D Committee.	Yes No	Project file
2	S	*NPC does not spend funds on an education or training activity unless the activity has been approved by the VAMC Education Committee.	Yes No	Activity file
3	M	NPC programs reported/described on IRS Form 990 and the annual report to VA are consistent with the NPC's mission and tax exempt purposes.	Yes No	IRS Form 990 and schedules; Annual report to VA
4	BP	Research-related NPC programs such as seed grants, bridge funding, recruitment, etc., are evaluated by the board for consistency with the NPC's mission and value in supporting VA research.	Yes No	Minutes
5	BP	The board periodically evaluates whether the NPC will - or will continue to – administer non-research related education programs that are consistent with the NPC's mission and benefit VA employees and/or patients.	Yes No	Minutes
6	BP	The board engages in ongoing planning activities to define specific goals related to its mission, and to evaluate the success of its programs toward achieving that mission.	Yes No	Minutes
		NPC <input type="checkbox"/> meets or <input type="checkbox"/> exceeds the standard regarding board program evaluation.	Yes No	

C. Program Service

		Standard	Checklist	Documentation
1	H	NPC meets or exceeds the ORD requirement to make available to the ACOS/R at least 10% of the direct costs of industry-sponsored studies administered by the NPC for support of the Facility Human Protection Program (FHPP).	Yes No	Report to ACOS/R
2	BP	NPC assesses the satisfaction of principal investigators and other personnel whose research and education programs are served by the NPC.	Date of last assessment: _____	PI survey, annual membership meeting or other means for feedback
		NPC <input type="checkbox"/> meets or <input type="checkbox"/> exceeds the standard regarding program service.	Yes No	

NAVREF NPC Self Assessment Tool

II. Governance

An NPC must have a board of directors that meets the requirements of 38 USC 7363. The board should provide effective governance of the NPC including overseeing compliance with its mission and finances, approving management policies and procedures, and ensuring adequate human and financial resources.

A. Board Responsibilities

		Standard	Checklist	Documentation
1	S	The board has appointed the executive director.	Yes No	Minutes or separate memorandum
2	S	The medical center director has concurred in the appointment of the executive director.	Date of concurrence: _____	Minutes or separate memorandum
3	M	The reasonableness of the executive director's compensation is documented in accordance with IRS requirements regarding excess benefit transactions.	Date: _____	IRS checklist and/or minutes
4	M	Board meeting minutes: <ul style="list-style-type: none"> ▪ Indicate date and time the meeting begins and ends ▪ List attendees ▪ State agenda items ▪ Provide a brief summary of deliberations sufficient to demonstrate due diligence ▪ State decisions of the board ▪ Are approved by the board and signed by the Secretary ▪ Are maintained in a readily accessible minutes book 	Yes No Yes No Yes No Yes No Yes No Yes No Yes No	Minutes
5	EP	The board reviews the bylaws every three to five years and updates them as needed.	Date of last review/update _____	Minutes
6	EP	Annually, the board approves an operational budget for the NPC.	Yes No	Minutes
7	EP	The board has reviewed and approved financial policies for the organization.	Date of approval: _____	Minutes
8	EP	The board has reviewed and approved personnel policies for employees.	Date of approval: _____	Minutes
9	EP	The board reviews NPC insurance coverage annually. Such review ensures that: <ul style="list-style-type: none"> ▪ The limits are adequate; and ▪ The NPC has insurance coverage appropriate for its activities 	Date of last review: _____ Yes No Yes No	Minutes

NAVREF NPC Self Assessment Tool

		Standard	Checklist	Documentation
10	BP	The board provides financial oversight including: <ul style="list-style-type: none"> ▪ The board approves the selection of the audit/accounting firm ▪ The board (or designated audit committee) meets with the auditor independently from staff ▪ Reviewing: <ul style="list-style-type: none"> ▫ the audit and management letter ▫ IRS Form 990 and schedules ▫ internal financial statements ▫ internal controls 	Yes No Yes No Yes No Yes No Yes No Yes No	Minutes
11	BP	Board supervision of the executive director includes: <ul style="list-style-type: none"> ▪ A board-approved position description for the executive director ▪ An approved employment agreement (contract or letter) with the executive director ▪ Approving an annual performance evaluation and compensation review for the executive director. 	Yes No Yes No Date of last review: _____	Position description Agreement Minutes
12	BP	If applicable, the board has approved management's corrective plan to address reportable conditions or material weaknesses in their audited financial statements.	Yes No	Minutes
13	BP	The board has established an audit committee consistent with the intent of the Sarbanes-Oxley Act.	Yes No	Board minutes; audit committee minutes
		NPC <input type="checkbox"/> meets or <input type="checkbox"/> exceeds standards regarding board responsibilities.	Yes No	

B. Board Composition

		Standard	Checklist	Documentation
1	S	*The composition of the board meets the requirements established in 38 USC 7363.	Yes No	Board roster
2	M	The composition of the board is consistent with the NPC's bylaws and state regulations regarding board make up and appointment of officers.	Yes No	Bylaws and roster
3	H	The Medical Center Director approves appointments to the board of directors.	Date of document reflecting most recent approval: _____	Minutes or separate memorandum
		NPC <input type="checkbox"/> meets or <input type="checkbox"/> exceeds the standards regarding board composition.	Yes No	

NAVREF NPC Self Assessment Tool

C. Board Conduct

		Standard	Checklist	Documentation
1	M	If the board has VA employees among its members in addition to those required to serve on the board by the NPC statute (MCD, COS, ACOS/R and ACOS/E): <ul style="list-style-type: none"> ▪ Board meetings are held outside of normal VA duty hours; or ▪ Such non-statutory VA members have an irregular tour of duty to accommodate meetings held during their normal VA tour of duty. 	Yes No Yes No	Minutes or leave certification
2	H	No compensation is paid to a statutory VA member of the board for services as a board member (i.e., Medical Center Director, Chief of Staff, ACOS/R and/or ACOS/E).	Yes No	Bylaws
3	EP	The board meets in accordance with the bylaws and as frequently as needed to conduct the business of the organization, but at least two times per year.	Yes No	Minutes
4	EP	Board members prepare for meetings in advance by reviewing the agenda and supporting documentation.	Yes No	Board self evaluation
5	BP	Board members regularly undergo governance training.	Yes No	Minutes, training roster or certificate of attendance
6	BP	The board has written expectations of board members.	Yes No	Board policies or minutes
7	BP	The board has an orientation process for new members.	Yes No	Board policies
8	BP	The board conducts an annual evaluation of its own performance.	Date of self evaluation: _____	Minutes or copy of last evaluation
9	BP	The board has a code of conduct.	Yes No	Code
		NPC <input type="checkbox"/> meets or <input type="checkbox"/> exceeds the standards regarding board conduct.	Yes No	

D. Conflicts of Interest

		Standard	Checklist	Documentation
1	S	All officers, directors and employees have certified understanding of and compliance with federal statutes and regulations regarding conflicts of interest as described at 38 USC 7366(c)(1).	Yes No	Signed certifications
2	S	The executive director verifies annually that a signed conflicts of interest certification is on file for each officer, director and employee.	Yes No	Executive director verification
3	BP	The board has a policy for managing potential conflicts of interest related to NPC activities.	Yes No	Policy
		NPC <input type="checkbox"/> meets or <input type="checkbox"/> exceeds the standards regarding conflicts of interest.	Yes No	

NAVREF NPC Self Assessment Tool

III. Human Resources

Managing employees imposes a heavy burden on NPCs. Managing employees well requires high level skills and can contribute significantly to high morale and productivity. Managing employees poorly exposes the organization to legal suits and penalties. Any NPC that has employees should have policies that establish clear expectations for their work and workplace behavior. NPC HR staff must be qualified to ensure compliance with federal, state and local requirements. Although NAVREF discourages NPCs from hiring VA employees, those that choose to do so must exercise particular diligence to avoid violations of federal ethics regulations.

A. Human Resource Management

		Standard	Checklist	Documentation
1	S	*To be afforded FTCA protection in the same manner as VA-salaried employees, NPC employees engaged in VA research or education: <ul style="list-style-type: none"> ▪ Have a VA without compensation (WOC) appointment ▪ Work within the scope of government work (VA-approved research or education); and ▪ Work under the supervision of a VA-salaried employee. 	Yes No Yes No Yes No	WOC documentation Time sheets Time sheets
2	M	*NPC exercises particular diligence in managing joint VA/NPC employees including establishing NPC policy describing the terms and conditions for hiring VA employees. Such policy requires: <ul style="list-style-type: none"> ▪ Certification that the NPC-paid work is different from their official VA duties by comparing VA and NPC job descriptions (obtaining a VA attorney opinion as needed) ▪ Use of timesheets to verify that NPC-paid work is performed outside of official VA duty hours. 	Yes No Yes No Yes No	Policy Position descriptions or opinion Time sheets
3	M	Human resource management policies and practices meet the minimum federal and state requirements appropriate for the number of NPC employees and activities.	Date of last review: _____	Review by labor attorney or qualified HR manager
4	M	NPC withholds taxes for individuals who qualify as “employees” under IRS guidelines for determining employment v. independent contractor/consultant status.	Yes No	Contract or statement of work
5	H	NPC employees involved in research are credentialed by VA and have undergone VA training appropriate for their responsibilities (ethics, biosafety, etc.).	Yes No	Employee record, training roster, or other NPC or VA documentation
6	EP	NPC has on file a letter of employment or a contract for each employee. The letter establishes: <ul style="list-style-type: none"> ▪ Duties and responsibilities ▪ At-will employment or in the case of a contract, termination terms ▪ Exempt or non-exempt status for FLSA/overtime purposes ▪ Eligibility for benefits 	Yes No Yes No Yes No Yes No Yes No	Employment letters, contracts or other employment documentation
7	EP	NPC administrative employees have VA WOC appointments.	Yes No	WOC documentation
9	EP	NPC management employees undergo continuing education in nonprofit management and skills appropriate for management of NPC activities (such as accounting, HR management, federal funds management, etc.).	Yes No	Attendance documentation
10	BP	If NPC administers federal funds, at least one staff member has significant experience in federal funds management and/or has undergone extensive training	Yes No	Resume or attendance documentation
11	BP	Each NPC position has a written job description.	Yes No	Samples

NAVREF NPC Self Assessment Tool

		Standard	Checklist	Documentation
12	BP	NPC has established a salary schedule with ranges for each job description.	Yes No	Schedule
13	BP	NPC has SOPs for hiring and terminating employees that minimize exposure to lawsuits.	Yes No	SOPs
		NPC <input type="checkbox"/> meets or <input type="checkbox"/> exceeds the standards regarding human resource management.	Yes No	

B. Personnel Policies

		Standard	Checklist	Documentation
1	M	<p>NPC has employee policies that at a minimum encompass (NPCs accepting federal funds may have additional mandatory requirements):</p> <ul style="list-style-type: none"> ▪ Working conditions ▪ Employee benefits ▪ Leave (vacation; sick leave; holidays; jury duty; etc.) ▪ Employee evaluation ▪ Grievance procedures ▪ Confidentiality of personnel and organization records ▪ Disciplinary action ▪ Definitions of full time, part time, and intermittent employment ▪ At will or contract employment status ▪ Sexual harassment ▪ Whistleblower protection ▪ Mandatory training in VA policies (ethics, biosafety, etc.) ▪ Employee classification (exempt/nonexempt; regular/temporary/intermittent; full time/part time; at will) 	<p>Yes No</p> <p>Yes No</p> <p>Yes No</p> <p>Yes No</p> <p>Yes No</p> <p>Yes No</p> <p>Yes No</p> <p>Yes No</p> <p>Yes No</p> <p>Yes No</p> <p>Yes No</p> <p>Yes No</p> <p>Yes No</p>	Policies
2	BP	NPC has an employee handbook.	Yes No	Handbook
3	BP	NPC has written new employee orientation procedures.	Yes No	Procedures
4	BP	Personnel policies apply consistently to all employees regardless of supervisor.	Yes No	Pay and benefits records
		NPC <input type="checkbox"/> meets or <input type="checkbox"/> exceeds the standards regarding personnel policies.	Yes No	

NAVREF NPC Self Assessment Tool

IV. Financial and Legal

NPCs should practice sound financial management and must ensure compliance with applicable legal and regulatory requirements. An NPC's financial systems should be sufficient to maintain accurate financial accountability and to verify that expenditures are consistent with its statutory purpose of supporting VA research and education. They should also reflect an appropriate level of internal controls. NPCs should pay particular attention to expenditures regarding travel, business meetings that may involve meals, and compensation to VA employees.

A. Financial Accountability

		Standard	Checklist	Documentation
1	S	NPC accepts VA-appropriated funds only when pursuant to reimbursement for an approved Intergovernmental Personnel Act (IPA) assignment.	Yes No	Financial records
2	S	NPC undergoes an annual audit in accordance with 38 USC 7366(b).	Yes No	Last audit
3	M	The level of audit performed is appropriate for NPC activities- GAAS, GAGAS or A-133.	Yes No	Last audit
4	M	NPC completes IRS Form 990 and schedules in accordance with IRS guidance.	Yes No	IRS Form 990 & Schedules
5	M	NPC maintains an inventory of capitalized business property.	Yes No	Inventory
6	M	NPC has a method for ensuring compliance with grant/award/contribution/donation requirements (reporting deadlines, budget constraints, etc.) and restrictions, if any.	Yes No	Method
7	M	On IRS Form 990 Line 91a, NPC names a person qualified to respond to IRS inquiries.	Yes No	IRS Form 990, Line 91a
8	H	*All expenditures are supported by an explicit research, education or NPC business justification and appropriate documentation.	Yes No	Expenditure documentation
9	H	The executive director or other individual designated by the board approves all expenditures: research, education and administrative.	Yes No	Samples
11	H	NPC cash assets are held in financial instruments that are backed by the full faith and credit of the US Government; i.e., government securities, accounts protected by FDIC or NCUA coverage, or brokerage accounts offering government backing.	Yes No	Bank statements
12	H	NPC monitors account balances to ensure reasonable compliance with federally insured limits.	Yes No	Bank statements
13	H	NPC documents payments to VA.	Yes No	Payment documentation
14	H	NPC pays for professional licenses only for NPC employees.	Yes No	Policy
15	H	NPC has policies governing: <ul style="list-style-type: none"> ▪ *Travel and other reimbursements (IRS accountable plan) ▪ *Business meetings (including meals or refreshments) ▪ Professional subscriptions and memberships ▪ Reimbursement to the medical care appropriation for clinical services provided purely for research purposes 	Yes No Yes No Yes No Yes No	Policies
16	EP	NPC's internal accounting system tracks research project and education activity income and expenses by project or activity.	Yes No	Chart of Accounts
17	EP	NPC has internal controls and segregation of duties sufficient to safeguard the organization's financial assets.	Yes No	Description
18	EP	NPC retains the signed original or a copy of each contract, grant or agreement.	Yes No	Samples

NAVREF NPC Self Assessment Tool

B. Legal Compliance and Risk Management

		Standard	Checklist	Documentation
1	S	NPC has obtained an IRS determination of tax exempt status and has a copy on file.	Yes No	IRS letter
2	M	NPC's state registered agent documentation is current.	Yes No	State verification
3	M	NPC has obtained a state tax exempt certificate.	NA or Yes No	Certificate
4	H	NPC provides officers, directors and employees with "directors and officers" (D&O) liability insurance coverage.	Yes No	Declarations page
5	H	NPC employee services for which the NPC receives VA reimbursement are governed by IPA agreements.	Yes No	IPA documentation
6	H	NPC contracts and agreements do not bind VA.	Yes No	Samples
7	H	If NPC obtains written advice from private legal counsel, on a quarterly basis NPC provides a copy of such advice and billings to VA Regional Counsel.	Yes No	Submission documentation
8	BP	NPC periodically conducts an internal review of its compliance with known federal, state and local legal, regulatory and financial reporting requirements, enlisting the assistance of legal and financial experts as needed.	Date of last review _____	Description
9	BP	NPC's employee handbook has undergone legal review.	Date of last review _____	Review by attorney or qualified HR manager
10	BP	NPC's auditor or external accountant has reviewed NPC activities for federal and state tax reporting and registration compliance.	Date of last review _____	Review by auditor or accountant
11	BP	NPC has other insurance coverages as appropriate including: <ul style="list-style-type: none"> ▪ Professional liability (contract errors and omissions) ▪ Fidelity bond ▪ General liability ▪ Business property ▪ Workers' compensation ▪ Umbrella ▪ Event cancellation ▪ Medical malpractice 	Yes No Yes No Yes No NA or Yes No NA or Yes No Yes No NA or Yes No NA or Yes No	Declarations pages
12	BP	Transactions between NPC and the VAMC's university affiliate are documented as being for VA-approved research projects or education activities or for the general support of VA research and/or education.	Yes No	Sample
13	BP	NPC has a plan for business continuity in the event of a natural or man-made disaster.	Yes No	Plan
		NPC <input type="checkbox"/> meets or <input type="checkbox"/> exceeds the standards regarding legal compliance and risk management.	Yes No	

NAVREF NPC Self Assessment Tool

V. Transparency

NPCs are statutorily authorized private corporations with particular responsibility to provide the public, the DVA Secretary and the VA Inspector General with access to information about their programs and finances.

A. Reporting

		Standard	Checklist	Documentation
1	S	*NPC's annual report to VA as required under 38 USC 7366(d) is timely, complete and accurate.	Yes No	Annual report to VA
2	M	NPC is in compliance with state reporting requirements.	Yes No	State forms
3	M	NPC is in compliance with retirement plan reporting requirements.	Yes No	Federal form
4	H	NPC is aware of and prepared to support VA reporting requirements including: <ul style="list-style-type: none"> ▪ NPC provides ACOS/R or AO/R with data required to complete FHHP report that is due on October 1 ▪ NPC provides the ACOS/R or AO/R with data regarding expenditures from October 1 through September 30 for RDIS reporting. 	Yes No Yes No	Data Data
5	H	NPC provides the VAMC Fiscal Office with a copy of the annual report to VA.	Yes No	Submission verification
6	BP	NPC has a readily available statement about its mission, programs and finances.	Yes No	Statement
7	BP	NPC prepares an annual report for its internal stakeholders (board, Pls, staff, donors, etc.).	Yes No	Internal annual report
		NPC <input type="checkbox"/> meets or <input type="checkbox"/> exceeds the standards regarding reporting.	Yes No	

B. Public Access

		Standard	Checklist	Documentation
1	S	NPC board and staff are aware that NPC records must be made available to the DVA Secretary and to the VA IG in accordance with 38 USC 7366(a).	Yes No	Minutes, memorandum, or other documentation
2	S	NPC board and staff are aware that NPC activities are subject to investigation by the VA IG and GAO in accordance with 38 USC 7366 (B)(2).	Yes No	Minutes, memorandum or other documentation
3	M	NPC is prepared to comply with federal nonprofit disclosure laws (copies of public versions of its last three IRS 990s; 1023 application for tax exempt status and IRS exemption determination letter).	Name of person responsible for compliance: _____	Minutes or policy
4	M	NPC is in compliance with state "sunshine" laws.	NA or Yes No	Minutes
		NPC <input type="checkbox"/> meets or <input type="checkbox"/> exceeds the standards regarding public access.	Yes No	

NAVREF NPC Self Assessment Tool

VI. Fundraising and Donations

An NPC board of directors should ensure that the organization has financial resources sufficient to pursue its planned activities and to achieve its goals. Some NPCs rely exclusively on government and private sector grants and contracts. Others conduct solicitations (i.e., fundraising) that must be conducted in an ethically responsible manner and in compliance with federal and state requirements. Additionally, NPCs must be prepared to appropriately administer unsolicited contributions.

A. Fundraising

		Standard	Checklist	Documentation
1	M	VA personnel involved in NPC fundraising activities in their official capacities are in compliance with federal ethics regulations found at 5 CFR 2635.808.	Yes No	Review of solicitations
2	M	Fundraising solicitations: <ul style="list-style-type: none"> ▪ Are written on NPC (not VA) letterhead ▪ Are conducted by NPC officials and staff ▪ Are signed by an NPC official ▪ Clearly state that such efforts are on behalf of the NPC, not VA ▪ Do not use the VA logo or photographs of senior VA personnel 	Yes No Yes No Yes No Yes No Yes No	Review of solicitations
3	M	Expenditures of donations are consistent with the donor's intent, complying with any known restrictions.	Yes No	Minutes
4	M	NPC is in compliance with federal and state requirements regarding fundraising.	Yes No	Review by auditor or external accountant
		NPC <input type="checkbox"/> meets or <input type="checkbox"/> exceeds the standards regarding fundraising.	Yes No	

B. Acceptance and Use of Donations, Gifts and Contributions (Not Grants or Contracts)

		Standard	Checklist	Documentation
1	M	NPC has a policy addressing NPC acceptance and use of donations from "related" persons (board members, PIs, employees, etc.). Such policy: <ul style="list-style-type: none"> ▪ Incorporates review of any limitations or conditions on the donation/gift. ▪ Guards against "related" persons obtaining actual or perceived personal benefit from any gifts/donations. ▪ Provides that the board or board designee reviews disbursement requests to guard against the possibility -- or appearance -- of personal benefit. 	Yes No Yes No Yes No	Policy
2	H	NPC acknowledges contribution in a letter to the donor reflecting limitations or conditions on the gift, if any.	Yes No	Sample acknowledgement
3	EP	NPC has a policy on acceptance and use of unrestricted and restricted donations resulting from fundraising activities and unsolicited gifts stating: <ul style="list-style-type: none"> ▪ How the NPC assesses whether the donation/gift is consistent with the purposes for which an NPC may accept donations/gifts – VA research/education or NPC operations ▪ Types of donations/gifts the NPC will or will not accept ▪ Procedures for determining how the NPC will use donations/gifts 	Yes No Yes No Yes No	Policy
4	EP	Expenditures of restricted and unrestricted donations/gifts are subject to the same review policies and procedures as other expenditures.	Yes No	Expense documentation
5	BP	NPC has a policy prohibiting acceptance of donations of honoraria, speaker fees, etc., earned by VA employees.	Yes No	Policy
		NPC <input type="checkbox"/> meets or <input type="checkbox"/> exceeds the standards regarding acceptance and use of donations/gifts.	Yes No	