

Can Standards Help Charities to Achieve their Mission? A Discussion Paper

Executive Summary

Many industries have standards or codes of conduct that clearly set out good practices and act as a signal or indicator to the public that they are dealing with a trustworthy business or organization. The Accountability Reference Group, a group of sector leaders brought together by Imagine Canada, has concluded that standards are one way charities can proactively maintain public trust in the sector and that they can also help charities to achieve their mission.

The intent of this paper is to start a dialogue in the charitable sector about standards and their link to accountability, transparency and public trust. Over the next few months, Imagine Canada will be gathering feedback from the sector on this issue.

Introduction

So far – unlike other many other institutions – charities and their leaders have maintained high levels of public trust,¹ however, there are reasons to be concerned. The vast majority of charities are well run and worthy of the public's trust – but one scandal can impact on the reputation of the sector as a whole. Charities are facing increasing media scrutiny, particularly in the areas of fundraising and financial management, but not limited to those areas. Donors are becoming more sophisticated and expect greater transparency from the charities they have relationships with.

Research on the sector indicates that recruiting volunteers, obtaining board members and raising funds are among the most significant challenges charities face.² The 2004 Canada Survey of Giving, Volunteering and Participating shows that a significant percentage of donors did not give more because they did not like the way requests for donations were made, or because they were concerned the money would not be used efficiently.³

To differentiate themselves in meeting these challenges, charities need to instil confidence in their volunteers, donors and the general public about their activities. In a world where demands on transparency and accountability appear to be increasing, are extra measures needed? Standards – sometimes linked to concepts of self regulation – could be one way of promoting confidence and signalling to donors that charities are trustworthy.

Development of Paper

In 2006, Imagine Canada convened an Accountability Reference Group (ARG) to proactively provide guidance on accountability issues and standards of practice for the sector. The ARG (see Appendix A for full list), a group of 17 experts and sector leaders, has concluded that standards in a variety of areas could be one way to bolster public confidence

¹ The Muttart Foundation. (2006). *Talking About Charities 2006*. Edmonton, Alberta: The Muttart Foundation.

² Statistics Canada. (2005). *Cornerstones of Community: Highlights of the National Survey of Nonprofit and Voluntary Organizations*. Ottawa, Ontario: Minister of Industry.

³ Statistics Canada. (2006). *Caring Canadians, Involved Canadians: Highlights from the 2004 Canada Survey of Giving, Volunteering and Participating*. Ottawa, Ontario: Ministry of Industry.

and enhance the credibility, performance and effectiveness of Canadian registered charities. This paper will present information on how standards are being used in other areas as well as the preliminary conclusions of the ARG as a point for further discussion and dialogue.

What do we mean by Standards?

Standards in this case refer to a voluntary code of conduct or a set of good practices that “encourage companies and organizations to conduct themselves in ways that benefit both themselves and the community.”⁴ Standards programs can take a variety of forms from simple sign-on processes to advanced accreditation mechanisms. Accreditation or certification programs include a more rigorous set of requirements to sign on to the standards as well as verification processes such as onsite visits or audits.

Section 1: Accountability Reference Group Roadmap to Standards and Certification

Development of Standards

The ARG concluded that standards could play a role in maintaining public trust and enhance the effectiveness of Canadian registered charities and urged that broader discussion about these issues should be encouraged. The ARG also developed a first draft of standards in the areas of governance, human resources, financial accountability and fundraising. It set out a number of principles that helped to guide the development of the standards:

- Self-managed standards are more effective and preferable to externally imposed standards.
- The size of charities in Canada varies broadly and a large percentage of charities are volunteer run—standards must be accessible to all charities. Therefore the final standards may need to be scaled for different-sized charities.
- Standards are aimed at ‘registered charities’ but could be applied to nonprofits as well – the impact on this group must be taken into account.
- Standards development must be open and transparent to the sector.
- The final product and process must be cost effective for Canadian charities.
- The understanding of the boards of charities will be fundamental to the success of this initiative.
- When possible, it will be necessary to collaborate with partners who are already operating standards or administering similar processes.

The ARG concluded that it would be best to use Imagine Canada’s existing Ethical Fundraising and Financial Accountability Code as the basis of standards in the areas of fundraising and financial accountability. A subgroup provided detailed input into the parallel process to update the Ethical Code. The ARG also developed new draft or ‘beta’

⁴ Industry Canada. (1998). *Voluntary Codes: A Guide for Their Development and Use*. Ottawa, Ontario: Industry Canada. Pg. 2.

standards in the areas of human resources and governance which are presented in Appendix C.

How Could Standards Be Implemented?

In the long-term, the ARG envisions a third-party certification and verification process that would be phased in over time assuming there was an appropriate level of buy-in from the sector. It was agreed that an evolutionary approach using a number of phases and decision points before moving to the next phase would be the best approach in order to build buy-in and ownership by key leaders in the charitable sector, and to ensure credibility with all other stakeholders. The phased approach will ensure that the necessary competence and credibility in both standards and the administrative processes are established before moving to the next phase.

Key Components of the Phased Approach

- **A transparent roadmap** announced in advance, including a commitment not to proceed to the next phase without the confidence of the sector in the competence and capability to administer the program fairly and effectively.
- **A phased approach** to build appreciation for the initiative, consensus with and understanding of standards, benefit of certification and confidence in the process to certify or “penalize.”
- **Sector Steering Group** (successor to ARG) to review progress at each decision point, and to evaluate readiness to move to the next phase.
- **Annual Standards Forum and Charities Review Board** to review and update the standards going forward.

The development of the specifics of the planned approach can only occur with input from the sector, but would include the following aspects:

- Establishing the standards and building sector buy-in.
- Voluntary sign-on to standards ultimately building towards a third party certification process.
- Development of a verification process that would ensure the accountability of the program. Verification processes could range to annual reporting to onsite reviews or ‘audits’ depending on feedback from the sector.
- Building commitment to the process by celebrating successes.
- Building the credibility of the process by developing penalties.

Section 2: The Case for Standards

Based on the research conducted as well as the ARG's experience with standards, there is a strong case to be made for standards. Standards can:

1) Improve the practices and increase the effectiveness of charities.

Standards are a tool charities can use to educate staff and board members about good practices. They also provide clear guidelines for making ethical and sound decisions. By enhancing their practices, standards can play a role in creating more effective charities that bring in more funds as well as a stronger staff and volunteer base. Ultimately, standards have a role to play in helping charities to achieve their mission and improving services to Canadians.

2) Promote transparency and accountability in the sector to help maintain public trust.

Putting in place these types of accountability measures can assist the public and other donors with evaluating charities before they make a donation. Standards can be an indicator for donors that they are giving to an effective and ethical charity. Donors don't always want to take the time needed to appropriately evaluate a charity before giving, although they do want to ensure their funds go to an effective, trustworthy organization.⁵ A logo or 'seal of approval' can help donors with this problem.

3) Stave off further government regulation

Given the increased media attention on charitable activities, there is a risk that the government will step in with greater regulation. In some regions and other sectors, standards were brought in as an alternative to increased government regulation. If successful, standards could play the same role in Canada.

Challenges and Concerns

There are also a number of challenges to developing an appropriate and successful standards program. Some of the concerns charities may have include:

1) Charities are already regulated by the government.

Registered charities are already regulated by the federal government and provincial laws to regulate fundraising exist in some provinces – standards will add another layer of complexity. A standards program will need to be complementary to existing regulations and ensure that it does not become a burden to charities that have limited capacity.

2) Many charities already participate in existing standards programs.

There are a number of standards programs in existence already, often aimed at particular subsectors. There is some concern about creating further confusion with new standards and that 'generic' standards may be difficult to develop for the sector as a whole. There will need to be a process in place to cooperate with existing and new standards programs to deal with overlap and ensure communication to the public is clear.

3) Standards may increase the costs of operating a charity.

⁵ Bekkers, Rene. (2006). *The Benefits of Accreditation for Fundraising Nonprofits*. (Paper prepared for the 35th ARNOVA Conference, November 16-18, 2006.)

There is a risk that standards will increase the cost of operating a charity. Any standards developed must strike a balance between setting high ethical guidelines and not becoming too onerous to implement.

Section 3: Learning from Others

Standards of practice for the charitable sector either exist or are being developed in many countries around the world. From the United Kingdom to Singapore, this issue is of increasing interest. Some standards focus strictly on fundraising and others incorporate a broader range of issues such as governance, program effectiveness and human resources. There are also many other industries that have been successfully using standards for many years. A short description of some of these activities follows. A list of the many programs that were reviewed is included in Appendix B.

Use of Standards in the Public and Private Sectors

Standards and accreditation programs are very common in other sectors and there is evidence to suggest they have met with some success. For example, many hospitals in Canada go through an accreditation process with the Canadian Council on Health Services Accreditation. The goal of this program is to improve the quality of service provided by the institutions.⁶ The High Five Accreditation Program was developed by Parks and Recreation Ontario. This program aims to distinguish excellence in recreation and sports programs for children and to improve service and delivery.⁷ These accreditation programs not only provide the benchmarks that help organizations evaluate their work, but they also aim to improve the quality of the services organizations provide by offering training or making direct recommendations about practices.

A private sector model which has been studied is the Canadian Chemical Producers' Association that introduced the Responsible Care Program in the mid-1980s both to decrease the risk of a serious accident and to protect the industries public image.⁸ Public opinion studies completed at that time brought to light the fact that despite an excellent safety record in Canada, the public still had negative impression of the industry. The poor record of a limited number of companies in other countries was impacting the industry as a whole.

The Responsible Care program, developed in Canada, is now internationally recognized and functioning in 52 countries. The broad goal of the program is to improve the health, safety and environmental performance of the industry but also to communicate this information to its stakeholders.⁹ In Canada, the program has been successful at improving practices within

⁶ Canadian Council on Health Services Accreditation. (2007). *Canadian Council on Health Services Accreditation Homepage* [Online]. Website: <http://www.cchsa.ca/Default.aspx>

⁷ Parks and Recreation Ontario. (2007). *About High Five* [Online]. Website: <http://www.highfive.org/static/about.cfm>

⁸ Moffet, J., Bregha, F., & Middelkoop, M.J. "Responsible Care: A Case Study of a Voluntary Environmental Initiative," in K. Webb, ed., *Voluntary Codes: Private Governance, the Public Interest and Innovation*. Ottawa, Ontario: Carleton University.

⁹ Responsible Care. (2007). *Responsible Care Homepage* [Online]. Website: <http://www.responsiblecare.org/page.asp?p=6341&l=1>

the industry and as a result, is believed to have limited the increase in government regulation. Its impact on public opinion is less clear.¹⁰

Use of Standards in the Charitable Sector in other Countries

Standards for Excellence, USA - There are a number of voluntary accreditation and certification programs linked to standards in the USA. One of the most well known is the Maryland Association of Nonprofit Organizations' Standards for Excellence program that was developed to promote excellence and integrity in nonprofit organizations. The standards were originally developed in 1995-96, partially in response to sector scandals that occurred at that time. The intent of the standards is both to help nonprofits become more accountable and ethical and through this process to boost public confidence in the sector.¹¹

Fifty-five standards were developed in eight areas that apply to all nonprofits regardless of size or mission. They focus on areas such as mission and program, governing body, conflict of interest and human resources. As part of the Standards for Excellence program, Maryland Nonprofits offers a voluntary, peer-review certification program. To participate, organizations submit an application, an application fee, and supporting documents which show their adherence to the standards. Organizations approved by a team of trained peer reviewers will be awarded a logo. Presently, 62 organizations have been certified by the Maryland Association. Since 2001, this program has been replicated in a number of additional states and approximately 170 organizations across the US have received certification.¹²

Wise Giving Alliance, USA – The Better Business Bureau Wise Giving Alliance program has developed Standards for Charity Accountability. The intent of the standards is to both assist donors in making sound giving decisions and to improve public confidence in the sector. Standards focus on governance, fundraising and effectiveness among other areas. The program functions in two ways. First, they produce evaluative online reports on charities that fundraise on a national basis. The charities they choose to review are partially based on the number of inquiries they receive. Secondly, charities can request to be evaluated and participate in a 'seal of approval' program. Applicants to this program pay a fee and sign a licensing agreement in order to access the logo.¹³

Evangelical Council for Financial Accountability, USA – The Evangelical Council for Financial Accountability (ECFA) was launched in 1979 as an accreditation agency that encourages adherence to seven Standards of Responsible Stewardship.¹⁴ The ECFA has accredited over 2,000 evangelical Christian churches. The standards focus on issues like board governance, financial transparency, fundraising and proper use of resources. They use a number of mechanisms to monitor compliance including annual reporting and onsite field reviews.

¹⁰ Moffet, J., Bregha, F., & Middelkoop, M.J. (footnote 8).

¹¹ Maryland Association of Nonprofit Organizations. (1998). *Standards of Excellence: An Ethics and Accountability Code for the Nonprofit Sector*. USA: Maryland Association of Nonprofit Organizations.

¹² Amy Coates Madsen, Standards for Excellence Institute, personal communication.

¹³ Wise Giving Alliance. (2007). *About the BBB Wise Giving Alliance* [Online]. Website: <http://www.give.org/about/index.asp>

¹⁴ Evangelical Council for Financial Accountability. (2007). What is ECFA? [Online]. Website: <http://www.ecfa.org/Content.aspx?PageName=WhatIsECFA>

Fundraising Standards Board, United Kingdom - The Fundraising Standards Board (FRSB) was developed in response to a series of reports in the United Kingdom which called for the self-regulation of fundraising. The FRSB was set up to implement and oversee a self-regulatory scheme specifically for fundraising. It was publicly launched in October 2006 and already has 650 members. Started with government ‘seed money,’ the organization anticipates it will become self-funding after five years. The intent of the board is to ensure accountability in fundraising and therefore, to increase public confidence in the sector. With full encouragement and co-operation from the UK charities regulator, many of the FRSB’s activities are targeted at educating donors and giving donors’ recourse should they have a complaint about a charity.¹⁵ The intent is that complaints by a donor should be settled by the charity. Should this not be possible they will go to FRSB for a review and recommendation for how the complaint should be settled.

Charities who wish to join must sign-on to the ‘Terms and Conditions of Scheme Membership,’ however, there is no assessment or accreditation process. The scheme is intended to be relatively easy to integrate into normal working practices.¹⁶ Charities also agree to adhere to the Institute of Fundraising’s Codes of Fundraising Practice and to the Fundraising Promise. Members must use the FRSB logo and develop a complaints procedure. The Codes of Fundraising Practice—created by a complementary organization—provide detailed guidelines/instructions on issues such as fundraising contracts, working with business, fundraising through electronic media, accountability and transparency among many other areas.

Central Bureau of Fundraising, The Netherlands - In the Netherlands, the Central Bureau of Fundraising (CBF) has been issuing a seal to charities that meet a set of standards since 1997. The CBF, an independent organization, has issued seals to over 250 organizations that have gone through an accreditation process. The standards focus primarily on fundraising and financial accountability, but include governance.

Since the accreditation process and standards have been in place for over ten years, research evaluating the success of the program has been completed. A study from the Netherlands shows that accreditation is one way to signal trustworthiness to a donor. While this is difficult to measure, there was a 7% increase in the income of nonprofits after the accreditation system came into effect.¹⁷ The study also found that learning about accreditation increased individual donations. People who learned about accreditation increased their donations by approximately 60 euro over the two-year period after they found out about the program.¹⁸

The Canadian Experience with Standards

Within Canada, there are number of standards programs which focus on different areas and function in different ways. For example the Canadian Council for International Cooperation has a Code of Ethics for members, and on a North American level the Association of

¹⁵ Andrew Watt, Association of Fundraising Professionals, personal communication.

¹⁶ Fundraising Standards Board. (2006). *Fundraising Standards Board Brochure*.

¹⁷ Bekkers, Rene. (2006). *The Benefits of Accreditation for Fundraising Nonprofits*. (Paper prepared for the 35th ARNOVA Conference, November 16-18, 2006.)

¹⁸ Bekkers (footnote 17).

Professional Researchers for Advancement also has a Code of Ethics. A few of the most relevant sets of standards are described below.

Association of Fundraising Professionals - The Association of Fundraising Professionals (AFP) has a Code of Ethical Principles and Standards of Professional Practice, which applies to individual fundraisers. All AFP members must sign-on to the Code. The AFP's Ethics Committee carries out the enforcement process if there is an alleged violation of the Code that is supported by a formal complaint and sufficient documentation. If efforts to persuade the person to stop have failed, the Committee may hold a hearing to determine whether a violation of the Code has occurred, and decide what disciplinary action, if any, is appropriate.

Canadian Council of Christian Charities (CCCC) - CCCC's Standards of Organizational Integrity and Accountability were first introduced in 1983 and a full-fledged accreditation program was launched in 1984. The CCCC standards are intended as an effective way for a ministry or organization to become accountable in a demonstrable, recognizable way. The CCCC program sets out nine standards which include a number of 'sub-standards.' Standards cover a range of areas from governance to mission to financial transparency. Approximately 160 charities have been accredited and given access to the seal of approval.¹⁹

Human Resources Council for the Voluntary/Nonprofit Sector – The HR Council for the Voluntary/Non-profit Sector is a national nonprofit organization committed to the development and enhancement of a skilled workforce that is focused on building better communities and improving the lives of Canadians. The Council has plans to develop a sector-validated framework of human resources management standards or guidelines for the voluntary/nonprofit sector in 2008.

Imagine Canada - In 1998, Imagine Canada released an Ethical Fundraising and Financial Accountability Code (Code) which hundreds of charities have signed on to since that time. The Code provides concrete guidelines on good practices for fundraising and financial reporting. It is unique in Canada as it targets organizations rather than individuals. It was developed in response to a study entitled *Charitable Fundraising in Canada*, which recognized that charities' practices were sometimes inconsistent and that there was not always a consensus on appropriate behaviour.

Over the last year, Imagine Canada undertook a full review of the content of the Code as well as the program that supports it. Following this review which included empirical research on fundraising issues, trends and regulation and consultations with charities, a revised Code will be released in October 2007. The new Code includes standards focused on issues of growing importance such as cause-related marketing, online fundraising and compensation practices. Going forward, Imagine Canada will be enhancing its Ethical Code program to make it more effective. When the program is re-launched in January 2008, participants will be required to submit documentation indicating they are meeting the standards set out in the Code, and will be given access to a logo.

¹⁹ Canadian Council of Christian Charities. 2007. *What is the Seal* [Online]. Website: <http://www.cccc.org/contents.php?area=y&id=1030>

Section 4: Next Steps & Questions for Discussion

This paper is intended as a starting point for a discussion about whether or not standards are needed and how a standards program could be implemented. Your input would be welcome – please complete the attached feedback form or email Imagine Canada at code@imaginecanada.ca. Imagine Canada and the ARG will be gathering feedback on the views of the sector relating to standards in general, as well as those standards that have been developed. In the coming months, the ARG will consider that input and make recommendations on next steps. There will also be an opportunity to bring together views at a sector summit in May 2008. Check Imagine Canada's website for more information as the process continues.

Questions for Discussion

- What do you feel are the key factors in maintaining public trust?
- Do you think that standards could assist your organization in achieving its mission?
- Would you prioritize standards in any particular area or are all issues equally important/relevant to your organization?
- The beta standards developed in the areas of governance, transparency and human resources management have been developed by the ARG as a starting point for discussion. Would they be credible for donors yet reasonable to achieve for charities? What feedback and suggestions do you have?
- Does the proposed phased approach work? What else should we be considering during this process?
- Are the concepts of the 'annual forum' and the 'Charities Review Board' appropriate mechanisms to continue reviewing and revising standards in the future?
- Would you support a third-party certification and verification process as part of a standards program? Why or why not?
- There will be a cost involved in running a standards program. Can you provide any input on how this type of program should be funded?

5. Does the proposed phased approach work? What else should we be considering during this process?

6. Are the concepts of the 'annual forum' and the 'Charities Review Board' appropriate mechanisms to continue reviewing and revising standards in the future?

7. Would you support a third-party certification and verification process as part of a standards program? Why or why not?

8. There will be a cost involved in running a standards program. Can you provide any input on how this type of program should be funded?

Other Comments:

Appendix A: Accountability Reference Group Members

Don McCreesh, ARG Chair
Imagine Canada Board Member

Lyn McDonell CAE, C. Dir.
Facilitator

John D. McKellar, C.M., Q.C.
Partner, WeirFoulds LLP

Mary Martin, CFRE, Vice President
Atlantic, KCI Canada

Cyndie Kremyr, Vice President, Public
Affairs, Coast Capital Savings

Dr. Kernaghan Webb, LL.B., LL.M.,
LL.D., Associate Professor, Business
Law, Ryerson University

Rob Donelson, CFRE, President
St. Joseph's Healthcare Foundation

Robert Kleinman, FCA,
Executive Director, Jewish Community
Foundation of Montreal

John Pellowe, MBA, MDiv, C.E.O
Canadian Council of Christian Charities

Anne Smith, President, United Way of
the Alberta Capital Region

Tim Plumptre, President
Institute on Governance

Katherine Van Kooy,
President & C.E.O., Calgary Chamber of
Voluntary Organizations

Nicholas Offord, President
The Offord Group

Christina Bisanz
Consultant

Richard Frost, Chief Executive Officer
The Winnipeg Foundation

Laurence Murray, FCA
Consultant (Retired Partner, KPMG)

Dina Bell-Laroche
Consultant, True Sport Secretariat

Mary Elizabeth Harriman, Associate
Executive Director, Heart and Stroke
Foundation of Canada

Lynne Toupin, Executive Director,
Human Resources Council for the
Voluntary/Non-profit Sector

Peter Broder, Policy Officer, The
Muttart Foundation

Georgina Steinsky-Schwartz (*ex-officio*)
President & C.E.O., Imagine Canada

Appendix B: Where to find more information on standards programs in other jurisdictions

Organizations	Standards/Evaluation Programs	Website
Canada		
Canadian Association of Gift Planners	Code of Ethics	http://www.cagp-acpdp.org/en/aboutus/code_ethics.aspx
Canadian Council on Health Services Accreditation	Accreditation Program	http://www.cchsa.ca/default.aspx?page=36&cat=27
Canadian Chemical Producers' Association	Responsible Care Program	http://www.ccpa.ca/ResponsibleCare/
Canadian Council of Christian Charities (CCCC)	Standards of Organizational Integrity and Accountability	http://www.cccc.org/contents.php?area=y&id=1031
Canadian Council for International Co-operation (CCIC)	Code of Ethics	http://www.ccic.ca/e/002/ethics.shtml
Community Foundations of Canada	Criteria for Membership	http://www.cfc-fcc.ca/starting/definition.cfm
Imagine Canada	Ethical Fundraising and Financial Accountability Code	http://www.imaginecanada.ca/?q=en/node/21
Parks and Recreation Ontario	High Five Accreditation Program	http://www.highfive.org/static/about.cfm
USA - National Level		
American Council for Voluntary International Action (InterAction)	Private Voluntary Organization (PVO) Standards	http://www.interaction.org/pvostandards/index.html
Charity Navigator	Charity Evaluation Program	http://www.charitynavigator.org/index.cfm
Council on Foundations	Council's Statement of Ethical Principles; National Standards for U.S. Community Foundations	http://www.cof.org/Council/content.cfm?ItemNumber=1643&navItemNumber=1964
Evangelical Council for Financial Accountability	Seven Standards of Responsible Stewardship	http://www.ecfa.org/?PageName=7Standards

Independent Sector	Statement of Values and Code of Ethics for Charitable and Philanthropic Organizations	http://www.independentsector.org/members/code_et_hics.html
Standards for Excellence Institute	Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector	http://www.standardsforexcellenceinstitute.org/public/html/explore_b.html
USA - State Level		
Council of Community Services of New York State	Pledge for Excellence in Ethical Fundraising for New York State Charitable Nonprofits	http://www.chooseyourcharity.com/pledge.asp
Donors Forum of Chicago	Illinois Nonprofit Principles and Best Practices	http://www.donorsforum.org/publictrust/index.html
Idaho Nonprofit Development Centre	Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector	http://www.idahononprofits.org/TrainingEvents/StandardsforExcellence/AbouttheStandardsforExcellence/tabid/590/Default.aspx
Louisiana Association of Non-profit Organizations	Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector	http://www.lano.org/explore.cfm/capacitybuilding/louisianastandards
Maryland Association of Nonprofit Organizations	Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector	http://www.marylandnonprofits.org/html/standards/04_02.asp
Minnesota Charities Review Council	Standards of Accountability	http://www.smartgivers.org/Accountability_Resource_s.html
Minnesota Council for Nonprofits	Principles and Practices for Nonprofit Excellence	http://www.mncn.org/info_principles.htm
North Carolina Center for Nonprofits	Principles and Practices for Nonprofit Excellence: A Self-Help Tool for Organizational Effectiveness	http://www.ncnonprofits.org/principles.asp
Pennsylvania Association of Nonprofit Organizations	Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector	http://www.pano.org/standards/standards_about.php
Utah Nonprofits Association	Standards of Ethics for Nonprofit Organizations in Utah	http://www.utahnonprofits.org/std_eths.html

North America		
Association of Fundraising Professionals (AFP)	Donor Bill of Rights, Code of Ethical Principles and Standards of Professional Practice, E-Donor Bill of Rights (in development)	http://www.afpnet.org/ethics
Association of Professional Researchers for Advancement (APRA)	Statement of Ethics/ Donor Bill of Rights	http://www.aprahome.org/AboutAPRA/PrivacyEthics/StatementofEthics/tabid/74/Default.aspx
Better Business Bureau Wise Giving Alliance	Standards for Charity Accountability	http://www.give.org/standards/newcbbbstds.asp
International		
Australian Council for International Development (ACFID)	ACFID Code of Conduct	http://www.acfid.asn.au/code-of-conduct
Central Bureau of Fundraising - The Netherlands	CBF Seal of Approval	http://www.cbf.nl/Home/uk.php
Credibility Alliance - India	Norms of Good Governance	http://www.credall.org.in/minimum.htm
Fundraising Institute - Australia Ltd.	Code of Professional Conduct & Ethics; Principles and Standards of Fundraising Practice (in development)	http://www.fia.org.au/AM/Template.cfm?Section=New_Fundraising_Standards1&Template=/CM/ContentDisplay.cfm&ContentID=3591
International Committee on Fundraising Organizations (ICFO)	ICFO International Standards	http://www.icfo.de/standards.htm
International Non Governmental Organisations (INGO)	Accountability Charter	http://www.ingoaccountabilitycharter.org/
UK Fundraising Standards Board	Fundraising Promise	http://www.fsboard.org.uk/fundraising-promise.aspx
UK Institute of Fundraising	Codes of Fundraising Practice	http://www.institute-of-fundraising.org.uk/bestpractice/thecodes/codesoffundraisingpractice/

Appendix C: Draft Standards

The Accountability Reference Group developed a series of draft standards and best practices for discussion. They have been developed with an acknowledgment that not all charities need to operate to the same standards as charities are of varying sizes. Some have no paid employees, others have minimal staff and others have large numbers of employees. The standards have been developed to address these structural differences. Each area has a standard that can apply to either a charity with no staff or one with a large volunteer and staff structure.

Standard of Excellence

1. Volunteer Only Charity: Applies to those charities with no paid employees.
2. Micro Charity: Applies to a range of charities, from those with only one paid staff member up to and including those charities with a CEO / Executive Director and one level of employees below the individual who is the most senior staff person and reports to the board of directors of the charity.
3. All other Charities Applies to all other charities (i.e., organizations with at least two levels of employees below the most senior staff person).

Best Practices

The column entitled “Best Practices” contains standards of performance that all charities can work toward. There is no reason why a “volunteer only” charity or a “micro charity” could not adopt these practices.

Human Resources Standards of Excellence

Organizations, such as charities, whose prime assets are their human resources dedicated to delivering their mission should have an ethical and effective relationship with both volunteers and any paid employees.

The ultimate accountability for the treatment of a charity's human resources rests with the volunteers who serve on the board of directors. The board must ensure that the appropriate policies and practices are in place, as well as the resources available, including financial and knowledge, to put those policies into practice. The board sets the 'tone at the top' which impacts on the organization's culture and which in turn drives human resources management practices.

Explanation of Presentation

Blue Text = standard of excellence is introduced at this level

Black Text = standard of excellence has already been introduced at a lower level

Topic	Minimum Standard of Excellence			Best Practices
	1. Volunteer Only Charity	2. Micro Charity (1 staff to ED plus direct reports)	3. All other Charities	
Human Resources Policies and Procedures		The charity's human resources policies and procedures comply with employment legislation.	A review is conducted annually to determine if the charity's human resources policies and procedures comply with employment legislation.	A review is conducted annually to determine if the organization's human resources policies and procedures comply with employment legislation, are aligned with the organization's strategy and meet the standards of other exemplary organizations.
Management of CEO		The senior most staff person reports to the board of directors, has a detailed job description or terms of reference, annual objectives and is subject to an annual performance review. The compensation and benefit package, all indirect compensation and all expenses are approved by the board of directors.	The senior most staff person reports to the board of directors, has a detailed job description or terms of reference, annual objectives and is subject to an annual performance review. The compensation and benefit package, all indirect compensation and all expenses are approved by the board of directors.	The senior most staff person reports to the board of directors, has a detailed job description or terms of reference, annual objectives and is subject to an annual performance review. The compensation and benefit package, all indirect compensation and all expenses are approved by the board of directors.
Organizational Culture (the personality of the organization, comprised of the assumptions, values and norms of members and their behaviours)				The board and senior staff will regularly assess the organization's culture with the objective of ensuring alignment to the mission and values of the organization.

Topic	Minimum Standard of Excellence			Best Practices
	1. Volunteer Only Charity	2. Micro Charity (1 staff to ED plus direct reports)	3. All other Charities	
Recruitment and Orientation		<p>The board of directors is accountable for the recruitment and orientation of the most senior staff person in the organization.</p> <p>The process to recruit staff is fair and transparent and managed in a professional manner by the executives of the charity.</p>	<p>The board of directors is accountable for the recruitment and orientation of the most senior staff person in the organization.</p> <p>Staff is recruited openly, fairly and professionally.</p> <p>All new employees receive an orientation (including a copy of the organization's human resources policies and procedures and their job description.)</p>	<p>The board of directors is accountable for the recruitment and orientation of the most senior staff person in the organization.</p> <p>Staff is recruited openly, fairly and professionally.</p> <p>New employees receive an orientation (including a review of the organization's human resources policies and procedures and their job description).</p>
	The Board oversees the practices addressing the screening (if required), recruitment, orientation and oversight of volunteer resources.	There are board level policies addressing the screening (if required), recruitment, orientation, and oversight of volunteer resources.	There are board level policies addressing the screening (if required), recruitment, orientation, and oversight of volunteer resources.	There are board level policies addressing the screening (if required), recruitment, orientation, oversight and recognition of volunteer resources.
Succession Planning	The board of directors has a process to ensure there are appropriate development opportunities for potential chairs and other key board positions.	The board of directors has a process to ensure there are appropriate development opportunities for potential chairs and other key board positions.	The board of directors has a process to ensure there are appropriate development opportunities for potential Chairs and other key board positions.	The board of directors has a process to ensure there are appropriate development opportunities for potential Chairs and other key board positions.
			<p>The board of directors annually discusses the succession plan for the most senior staff position in the organization.</p> <p>There is an annual process to review the succession plans for every senior staff and mission critical position.</p>	<p>The board of directors annually discusses the succession plan for the most senior staff position in the organization.</p> <p>There is an annual process to review the succession plans for every senior staff and mission critical position.</p>
Training and Development		All staff receive the minimum training and development required to meet the charity's legal / regulatory requirements.	All staff receive the appropriate training and development required to meet the charity's legal / regulatory requirements, accomplish the charity's objectives and ensure employees are able to perform their roles.	All staff receive the appropriate training and development required to meet the charity's legal / regulatory requirements, accomplish the charity's objectives and ensure employees are able to perform their roles.
				Appropriate on-going training is available to volunteers.

Rewards, Compensation and Benefits		<p>The compensation package for the most senior staff person in the organization is reviewed annually by the board of directors.</p> <p>The overall reward and compensation package available to employees is reviewed annually by the board of directors.</p>	<p>The compensation package for the most senior staff person in the organization is reviewed annually by the board of directors.</p> <p>The overall reward and compensation package available to employees is reviewed annually by the board of directors.</p>	<p>The compensation package for the most senior staff person in the organization is reviewed annually by the board of directors.</p> <p>The overall reward and compensation package available to employees is reviewed annually by the board of directors.</p>
	<p>There is a policy on compensating volunteers with regard to expenses or any indirect benefits.</p>	<p>There is a policy on compensating volunteers with regard to expenses or any indirect benefits.</p>	<p>There is a policy on compensating volunteers with regard to expenses or any indirect benefits.</p>	<p>There is a policy on compensating volunteers with regard to expenses or any indirect benefits.</p>
				<p>The organization publicly recognizes the contribution of volunteers.</p>
Performance Management		<p>All staff have a clear statement of their objectives (tasks and activities they are expected to carry out).</p>	<p>All staff have a clear statement of their objectives (tasks and activities they are expected to carry out).</p> <p>There is a system in place for regular written evaluation of employees (based on their objectives) by their respective supervisors, which take place at least annually.</p>	<p>All staff and volunteers have a clear statement of their objectives (tasks and activities they are expected to carry out).</p> <p>There is a system in place for regular written evaluation of employees (based on their objectives) by their respective supervisors, which take place at least annually.</p>
Healthy / Safe Workplaces		<p>The organization complies with employment legislation and workplace safety regulations.</p>	<p>The organization complies with employment legislation and workplace safety regulations.</p>	<p>The organization complies with employment legislation and workplace safety regulations.</p>
Effective Workplace Management				<p>There is a periodical review of the staff structure and effectiveness of the working relationship between board and staff.</p> <p>A Code of Conduct is in place, applicable and available to all employees and volunteers.</p> <p>There is a process in place to allow employees and managers to resolve disputes or disagreements that may emerge from time to time.</p> <p>There is a "whistleblower" policy in place for both employees and volunteers.</p>

Mission, Governance & Transparency Standards

Topic	Minimum Standards			Best Practices
	1. Volunteer Only Charity	2. Micro Charity (1 staff to ED plus direct reports)	3. All other Charities	
Mission Statement	<p>The charity has a mission statement.</p> <p>Periodically, the charity revisits its mission statement to ensure its continuing relevance.</p>	<p>The charity has a mission statement.</p> <p>Periodically, the charity should revisit its mission statement to ensure its continuing relevance.</p> <p>Programs significant in effort and resources should have a planned evaluation component (i.e., to assess the outcomes for program participants, ensure efficiency and effectiveness, and to weigh results achieved relative to program costs and mission).</p>	<p>The charity has a mission statement that is regularly reviewed and is clearly aligned with the charity's program.</p> <p>Periodically, the charity should revisit its mission statement to ensure its continuing relevance.</p> <p>Programs significant in effort and resources should have a planned evaluation component (i.e., to assess the outcomes for program participants, ensure efficiency and effectiveness, and to weigh results achieved relative to program costs and mission).</p>	<p>The charity has a mission statement that is regularly reviewed and is clearly aligned with the charity's program.</p> <p>Periodically, the charity should revisit its mission statement to ensure its continuing relevance.</p> <p>Programs significant in effort and resources should have a planned evaluation component (i.e., to assess the outcomes for program participants, ensure efficiency and effectiveness, and to weigh results achieved relative to program costs and mission).</p>
Governance				
1. Active Governing Board	<p>The charity has an active governing board independent of management.</p> <p>The governing board is comprised of no less than 3 (but preferably more) members or directors and holds meetings at least twice a year at which the agenda is not restricted to a specific issue or issues (e.g., to the appointment of officers).</p> <p>Minimum number of meetings sufficient to ensure control of charity's activities by board.</p> <p>Directors not compensated.</p>	<p>The charity has an active governing board independent of management.</p> <p>The governing board is comprised of no less than 3 (but preferably more) members or directors and holds meetings at least twice a year at which the agenda is not restricted to a specific issue or issues (e.g. to the appointment of officers).</p> <p>Minimum number of meetings sufficient to ensure control of charity's activities by board.</p> <p>Directors not compensated.</p>	<p>The charity has an active governing board independent of management to whom CEO is responsible.</p> <p>The governing board is comprised of no less than 3 (but preferably more) members or directors and holds meetings at least twice a year at which the agenda is not restricted to a specific issue or issues (e.g., to the appointment of officers).</p> <p>Minimum number of meetings sufficient to ensure control of charity's activities by board.</p> <p>Directors not compensated.</p>	<p>The charity has an active governing Board independent of management to whom CEO is responsible.</p> <p>The governing board is comprised of no less than 3 (but preferably more) members or directors and holds meetings at least twice a year at which the agenda is not restricted to a specific issue or issues (e.g., to the appointment of officers).</p> <p>Minimum number of meetings sufficient to ensure control of charity's activities by board.</p> <p>Directors not compensated.</p>

Topic	Minimum Standards			Best Practices
	1. Volunteer Only Charity	2. Micro Charity (1 staff to ED plus direct reports)	3. All other Charities	
1. Active Governing Board (cont'd)	<p>No member of the governing board shall be entitled to receive, either directly or indirectly, any salary, wages, fees, commissions or other amount for services rendered to the organization.</p> <p>A majority of the governing board members must be at arm's length to each other, to the CEO/executive director or other management staff.</p> <p>Each member of the governing board must act in the best interest of the organization and should not be controlled or restricted by any external entity or interest group that may have elected or appointed the individual to such governing board.</p> <p>Proper minutes and record of policies shall be kept.</p>	<p>No member of the governing board shall be entitled to receive, either directly or indirectly, any salary, wages, fees, commissions or other amount for services rendered to the organization.</p> <p>A majority of the governing board members must be at arm's length to each other, to the CEO/executive director or other management staff.</p> <p>Each member of the governing board must act in the best interest of the organization and should not be controlled or restricted by any external entity or interest group that may have elected or appointed the individual to such governing board.</p> <p>There must not be fewer voting members of the organization than members of the governing board.</p> <p>Proper minutes and record of policies shall be kept.</p> <p>Conflict of interest policy in place.</p>	<p>No member of the governing board shall be entitled to receive, either directly or indirectly, any salary, wages, fees, commissions or other amount for services rendered to the organization.</p> <p>A majority of the governing board members must be at arm's length to each other, to the CEO/executive director or other management staff.</p> <p>Each member of the governing board must act in the best interest of the organization and should not be controlled or restricted by any external entity or interest group that may have elected or appointed the individual to such governing board.</p> <p>There must not be fewer voting members of the organization than members of the governing board.</p> <p>Proper minutes and record of policies shall be kept.</p> <p>Conflict of interest policy in place.</p>	<p>No member of the governing board shall be entitled to receive, either directly or indirectly, any salary, wages, fees, commissions or other amount for services rendered to the organization.</p> <p>A majority of the governing board members must be at arm's length to each other, to the CEO/executive director or other management staff.</p> <p>Each member of the governing board must act in the best interest of the organization and should not be controlled or restricted by any external entity or interest group that may have elected or appointed the individual to such governing board.</p> <p>There must not be fewer voting members of the organization than members of the governing board.</p> <p>Proper minutes and record of policies shall be kept</p> <p>Conflict of interest policy in place.</p>
2. Board Leadership on CEO Hiring / Performance Evaluation	<p>Board plays role in hiring of CEO/ performance evaluation.</p>	<p>Board plays role in hiring of CEO/performance evaluation.</p>	<p>Board plays role in hiring of CEO and performance evaluation.</p>	<p>Board plays role in hiring of CEO and performance evaluation.</p> <p>CEO job description in place and process to evaluate CEO.</p>

Topic	Minimum Standards			Best Practices
	1. Volunteer Only Charity	2. Micro Charity (1 staff to ED plus direct reports)	3. All other Charities	
3. Audit	External accountant prepared financial statements.	Internal audit or internal review of control processes. External accountant prepared financial statements.	Independent financial audit of organization and audit of control processes.	Independent financial audit of organization and audit of control processes.
4. Adherence to Ethical Fundraising Financial Accountability Code	Adherence to principles underlying Code.	Adherence to principles underlying Code. Committee in place to regularly monitor adherence to Code. Mechanism in place to report back to governing board.	Adherence to principles underlying Code. Committee in place to regularly monitor adherence to Code. Mechanism in place to report back to governing board.	Adherence to principles underlying Code. Committee in place to regularly monitor adherence to Code. Mechanism in place to report back to governing board.
5. Board Responsible for Ensuring Strategic Plan in Place	Plan in place to achieve mission based on agreed upon goals and objectives.	Plan in place to achieve mission based on agreed upon goals and objectives.	Board responsible for strategic planning. Process in place for evaluating outcomes.	Board responsible for strategic planning. Process in place for evaluating outcomes.
6. Professional Development of Board	Briefing of new board members concerning roles and practices of charity.	Briefing of new board members concerning roles and practices of charity. Members must understand their legal and fiduciary responsibilities, exercise due diligence consistent with their duty of care, be familiar with the charity's activities and fully informed of the charity's financial status.	Process to ensure orientation of new board members in place. Role description in place. Members must understand their legal and fiduciary responsibilities, exercise due diligence consistent with their duty of care, be familiar with the charity's activities and fully informed of the charity's financial status. Board understands legal and fiduciary responsibilities. Board understands HR and other policies.	Process to ensure orientation of new board members in place. Role description in place. Members must understand their legal and fiduciary responsibilities, exercise due diligence consistent with their duty of care, be familiar with the charity's activities and fully informed of the charity's financial status. Board understands legal and fiduciary responsibilities. Board understands HR and other policies.

Topic	Minimum Standards			Best Practices
	1. Volunteer Only Charity	2. Micro Charity (1 staff to ED plus direct reports)	3. All other Charities	
7. Conflict of Interest		<p>There should be a Conflict of Interest policy and procedures for disclosure and review and decision on actual or potential conflicts.</p> <p>Board members, employees and volunteers must disclose any known conflict of interest that the individual, or a member of the individual's immediate family, has with the organization.</p>	<p>There should be a Conflict of Interest policy and procedures for disclosure and review and decision on actual or potential conflicts.</p> <p>Board members, employees and volunteers must disclose any known conflict of interest that the individual, or a member of the individual's immediate family, has with the organization.</p>	<p>There should be a Conflict of Interest policy and procedures for disclosure and review and decision on actual or potential conflicts.</p> <p>Board members, employees and volunteers must disclose any known conflict of interest that the individual, or a member of the individual's immediate family, has with the organization</p>
Transparency				
1. Financial Statements are Publicly Available	Organization makes it easy for donors to access financial statements.	Organization makes it easy for donors to access financial statements.	<p>Organization makes it easy for donors to access financial statements.</p> <p>Financial statements posted on website.</p>	<p>Organization makes it easy for donors to access financial statements.</p> <p>Financial statements posted on website.</p>
2. Full Disclosure	Information made available when requested.	Information made available when requested.	Information made available when requested.	Information made available when requested.
3. Publication (print or electronic) of Annual Report		Organization reports annually on results.	<p>Organization reports annually on results.</p> <p>Annual Report includes financial and program information, and results.</p> <p>Annual Report mailed to key stakeholders.</p> <p>Available on website.</p>	<p>Organization reports annually on results.</p> <p>Annual Report includes financial and program information, and results.</p> <p>Annual Report mailed to key stakeholders.</p> <p>Available on website.</p> <p>Public Forum held to report to donors/community-at-large.</p>

Topic	Minimum Standards			Best Practices
	1. Volunteer Only Charity	2. Micro Charity (1 staff to ED plus direct reports)	3. All other Charities	
4. Existence of Complaints Policy	Complaints addressed informally by organization.	Complaints addressed informally by organization.	Formal complaints policy and procedure in place. Accountability to board.	Formal complaints policy and procedure in place. Accountability to board.
5. Reputation Management			Gift Acceptance/ Restricted Gift policy in place.	Gift Acceptance/Restricted Gift policy in place.