

# Ensuring Excellence

Standards and Accreditation for Canada's Voluntary Sector

## Draft Standards

## Standards Steering Committee

THE  
**Great-West Life**  
ASSURANCE COMPANY



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## Standards of Excellence

The following are the draft Standards of Excellence. They are grouped into four categories: (1) Governance, (2) Accountability, Transparency and Financial Management, (3) Volunteer Involvement, and (4) Paid Human Resources. Work on these draft standards will continue over the next period leading to a Standards Forum in 2010 at which time the first set of self-regulatory standards will be in place for the sector. Three organizations have joined the initiative as Standards Partner Organizations and assumed leadership for certain segments of the standards. They are: the HR Council for the Voluntary and Non-Profit Sector (Paid Human Resources), Volunteer Canada (Volunteer Involvement), and Imagine Canada (Governance, Accountability, Transparency and Financial Management). While overall ownership of these standards will eventually be the responsibility of a Voluntary Sector Standards Board, it is expected that the Standards Partner Organizations, who have demonstrated expertise in each of these areas, will assume leadership for the establishment and evolution of these standards on behalf of the sector prior to the creation of the Voluntary Sector Standards Board. In addition, these Partner Organizations will work to ensure there are capacity building initiatives associated with each category of standards.

### **Standards Format and Terminology:**

The draft standards have been developed with an acknowledgment that not all organizations need to operate to the same standards as they 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 topic can have a standard that can apply to either an organization with no staff, or to one with a large volunteer and staff structure.

### **Categories of "Size" of Organization**

1. **"Level 1"**: Applies to those organizations with no paid employees.
2. **"Level 2"**: Applies to a range of organizations, 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.
3. **"Level 3"**: Applies to all other organizations (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 organizations can work toward. There is no reason why a "Level 1" or a "Level 2" organization could not adopt these practices.

## Governance

Governance has been defined as the systems and processes by which organizations are directed and controlled.

Every charity and nonprofit must be led by an effective Board of Directors who must accept ultimate responsibility and accountability for the affairs of the organization. The role of the Board is to ensure that the organizations is well managed, not manage it themselves.

The Board must ensure that it is fulfilling its legal and organization responsibilities including:

- Establishing the strategic direction of the organization
- Recruiting, hiring, and managing the CEO/Executive Director
- Monitoring the performance of the organization
- Managing the risk profile and reputation of the organization
- Ensuring compliance with all appropriate laws and regulations

Topic	Minimum Standard of Excellence			Best Practices
	Level 1	Level 2	Level 3	
<b>Board as Organization Leader</b>				
Organizational Culture				The board and senior staff regularly assess the organization's culture (the personality of the organization, comprised of the assumptions, values and norms of members and their behaviours) with the objective of ensuring alignment to the mission and values of the organization.
Mission and Strategic Direction	The organization has a mission statement that is periodically revisited to ensure its continuing relevance.  A plan is in place which demonstrates how the mission will be achieved based upon agreed goals and objectives.	Board is responsible for approving a mission and strategic plan.  A process is in place for evaluating outcomes		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.)  The board should establish and review regularly the organization's mission and goals and should evaluate, no less frequently than every five years, the organization's programs, goals and activities to be sure they advance its mission and make prudent use of its resources.
Corporate Disclosures	The organization makes information about its operations, including governance, finance, programs and activities widely available to its stakeholders.			The organization makes information available on the methods used to evaluate the outcomes of their work and share the results of those evaluations with their stakeholders.

Board Governance Processes				
Role of Board		The Board has written terms of reference outlining how it will deal with reviewing and approving the mission/strategic plan, annual budget and key financial transactions, compensation, and fiscal/governance policies. Minimum number of meetings sufficient to ensure control of the organization's activities by Board. Proper minutes and record of policies shall be kept		The board of a voluntary organization should meet regularly enough to conduct its business and fulfill its duties.  The board should review organizational and governing instruments no less frequently than every five years.
Compliance	The board ensures at least annually that the organization complies with its own governing documents, relevant laws and the requirements of any regulatory bodies.			
Conflict of Interest - Board	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.	The Board has a written conflict of interest policy		
Conflict of Interest - Organization		There is a Conflict of Interest policy and procedures for disclosure and review and decision on actual or potential conflicts.  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.		

# Ensuring Excellence

<p>Composition of the Board</p>	<p>The governing board is comprised of no less than 3 (but preferably 5 or more) members or directors which 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>The board of a charitable organization should establish its own size and structure and review these periodically. The board should have enough members to allow for full deliberation and diversity of thinking on governance and other organizational matters. Except for very small organizations, this generally means that the board should have at least five members.</p> <p>The board of a charitable organization should include members with the diverse background (including, but not limited to, ethnic, racial, and gender perspectives), experience, and organizational and financial skills necessary to advance the organization's mission.</p> <p>The board should establish clear policies and procedures setting the length of terms and the number of consecutive terms a board member may serve.</p>
<p>Independence of the Board</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>A substantial majority of the board, usually meaning at least two-thirds of the members, should be independent. Independent members should not: (1) be compensated by the organization as employees or independent contractors; (2) have their compensation determined by individuals who are compensated by the organization; (3) receive, directly or indirectly, material financial benefits from the organization except as a member of the charitable class served by the organization; or (4) be related to anyone described above (as a spouse, sibling, parent, or child) or reside with any person so described.</p>
<p>Board Succession</p>	<p>The board of directors has a process to ensure there are appropriate development opportunities for potential chairs and other key board positions</p>			
<p>Compensation of Directors</p>	<p>No member of the governing board <b>shall</b> be entitled to receive, either directly or indirectly, any salary, wages, fees, commissions or other amount for services rendered to the organization.</p>			

# Ensuring Excellence

## Standards and Accreditation for Canada's Voluntary Sector

July 2009

Development of Board	New Board members are briefed concerning roles and practices of the organization and all Board members receive the necessary training and on-going support needed to discharge their duties.	A formal process is in place to ensure orientation of new Board members.  Board members must understand their legal and fiduciary responsibilities, exercise due diligence consistent with their duty of care, be familiar with the organization's activities and fully informed of their financial status.		The board should establish an effective, systematic process for educating and communicating with board members to ensure that they are aware of their legal and ethical responsibilities, are knowledgeable about the programs and activities of the organization, and can carry out their oversight functions effectively.
Evaluation of Board and Directors		Annually the Board reviews its own performance.	Annually the Board reviews its own performance and that of the Board Chair, committee Chairs and individual directors.	
<b>Board In Control</b>				
Recruitment and Orientation of CEO/Executive Director		The Board is accountable for the recruitment and orientation of the most senior staff person in the organization. The recruitment process is fair and transparent, and managed in a professional manner by the board.	The board is accountable to ensure that a new CEO/ED receives the appropriate orientation required to quickly assume their responsibilities.	
Management of CEO/Executive Director		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.		
Succession Planning - Staff			The board of directors annually discusses the succession plan for the most senior staff position in the organization.  There is an annual process to review the succession plans for every senior staff and mission critical position.	

# Ensuring Excellence

Monitoring Performance		The Board must have processes in place to review and approve the organization's mission and strategic direction, annual budget and key financial transactions, compensation practices and policies, and fiscal and governance policies.		The board of a voluntary sector organization should institute policies and procedures to ensure that the organization (and, if applicable, its subsidiaries) manages and invests its funds responsibly, in accordance with all legal requirements. The full board should review and approve the organization's annual budget and should monitor actual performance against the budget.
Risk Management				Board's should ensure that the organization has adequate plans to protect its assets—its property, financial and human resources, programmatic content and material, and its integrity and reputation—against damage or loss. The board should review regularly the organization's need for general liability and directors' and officers' liability insurance, as well as take other actions necessary to mitigate risks.
Internal Control			The Board regularly reviews the organization's system of internal controls, performance reporting, policies and procedures.	

## Accountability, Transparency and Financial Management

It is clear from both law and surveys of charities, nonprofits and the public that there is a duty owed to community, members, clients and funders (included individuals, governments, foundations, corporations).

Muttart Foundation's 2008 survey *Talking About Charities* found the following:

- Amongst those who have only some, little or not trust in charities, ***the most commonly cited reason for not having more trust is uncertainty regarding where the money is really going.***
- While virtually all Canadians agree that it takes significant effort for charities to raise the money they need to support their cause, ***Canadians have concerns when it comes to certain methods of fundraising***
- Most Canadians agree that ***there is a need for greater transparency regarding charities' spending practices***
- Virtually all Canadians agree that ***charities should be obligated to disclose how donors' contributions are spent***

Topic	Minimum Standard of Excellence			Best Practices
	Level 1	Level 2	Level 3	
<b>Accountability</b>				
Legal Compliance and Ethics	A organization must comply with all applicable federal, provincial and municipal laws and regulations. If the organization conducts programs outside Canada, it will also abide by applicable laws, regulations and conventions in that jurisdiction.	Organizations have adopted and implemented policies and procedures to ensure that all conflicts of interest, or the appearance thereof, within the organization and the board are appropriately managed through disclosure, recusal, or other means.	The organization has a formally adopted, written code of ethics with which all of its directors or trustees, staff and volunteers are familiar and to which they adhere.	
<b>Transparency</b>				
General Disclosure Policy				An organization should make information about its operations, including its governance, finances, programs, and activities, widely available to the public. They also should consider making information available on the methods they use to evaluate the outcomes of their work and sharing the results of those evaluations.

# Ensuring Excellence

## Standards and Accreditation for Canada's Voluntary Sector

July 2009

Annual Report		The organization reports annually on results.	Annual Report includes financial and program information, and results.  Annual Report is made available to key stakeholders.	The Annual Report is made available on web site  An annual public forum is held to report to donors/community-at-large.
Executive Compensation				The total compensation paid to the CEO/Executive Director over the past 3 years could be disclosed in order to demonstrate full commitment to transparency. This would parallel requirements in the public sector and publicly traded private sector organizations.
<b>Financial Management</b>				
Format of Financial Statements	All organizations must complete Annual Financial Statements including: <ul style="list-style-type: none"> <li>Statement of Financial Position (Balance Sheet) and Statement of Operations (Income Statement)</li> <li>Financial Statements are audited by an independent licensed public accountant if gross annual revenues exceed \$250,000</li> </ul>	All organizations must complete Annual Financial Statements including: <ul style="list-style-type: none"> <li>Statement of Financial Position (Balance Sheet) and Statement of Operations (Income Statement) <i>and Cash Flow Statement</i></li> <li><i>Notes to financial statements</i></li> <li>Financial Statements are audited by an independent licensed public accountant if gross annual revenues exceed \$250,000</li> </ul>	All organizations must complete Annual Financial Statements including: <ul style="list-style-type: none"> <li>Statement of Financial Position (Balance Sheet) and Statement of Operations (Income Statement) and Cash Flow Statement</li> <li><i>Notes to financial statements</i></li> <li>Financial Statements are audited by an independent licensed public accountant if gross annual revenues exceed \$250,000</li> </ul>	
Content of Financial Statements	<p>The Financial Statements for all organizations should:</p> <ul style="list-style-type: none"> <li>be factual and accurate in all material respects;</li> <li>disclose the gross amount of fundraising revenues (receipted and non-receipted);</li> <li>disclose a break out of sources of gross revenue;</li> <li>disclose the total amount of fundraising expenses (including salaries and overhead costs);</li> <li>disclose the elements of fundraising expenses</li> <li>segregate undesignated and designated funds (for aggregate amounts over \$100,000)</li> <li>identify government grants and contributions separately from other donations (for aggregate amounts over \$100,000)</li> </ul> <p>In addition for registered charities the Financial Statements should:</p> <ul style="list-style-type: none"> <li>disclose all donations that are receipted for income tax purposes</li> <li>disclose the total amount of expenditures on any charitable activities (including gifts to other charities);</li> </ul>			

# Ensuring Excellence

## Standards and Accreditation for Canada's Voluntary Sector

July 2009

Accounting Standards	Financial Statements should be prepared in accordance with Canadian generally accepted accounting principles in all material respects or disclose any discrepancy between a practice and Canadian generally accepted accounting principles.			
Audited Financial Statements		If the organization has annual gross revenue in excess of \$250,000, the financial statements are audited by an independent licensed public accountant.		
Disclosure of Financial Statements	The Financial Statements must be signed by the Chair of the Board and released with 6 months of year end.	The Financial Statements must be signed by the CEO/ED and Chair of the Board and released with 6 months of year end.		
Access to Financial statements	The organization makes it easy for external stakeholders to access financial statements.			Financial statements are posted on web site
Financial Management	The organization has an annual operating budget approved by the Board	The organization has an annual operating budget approved by the Board and the Board reviews actual revenue and expense performance versus budget at least quarterly		
Separation of Duties	The organization has appropriate policies and procedures in place to ensure clear separation of duties related to financial assets.			
Internal Control Processes			The organization has and Internal audit function or has implemented a procedure to review its control processes	
Statutory Remittances		The Board receives from management at least quarterly assurance that all statutory remittances have been made		

# Ensuring Excellence

## Standards and Accreditation for Canada's Voluntary Sector

July 2009

Asset Management		If the organization's investable assets surpass \$1,000,000, an Investment Policy will be established setting out asset allocation, procedures for investment decisions, and asset protection issues		
<b>Ethical Behaviour</b>				
Ethical Fundraising and Financial Accountability	Adherence to principles underlying the Ethical Fundraising and Financial Accountability Code.	Committee in place to regularly monitor adherence to Code.  Mechanism in place to report back to governing Board.		Participation in the Ethical Fundraising and Financial Accountability Code.
Reputation Management			A Gift Acceptance/ Restricted Gift policy in place.	
Complaints Policy			Formal complaints policy and procedure in place.	Formal complaints policy and procedure in place with accountability by Board.
Whistleblower Policy			The organization has established and implemented policies and procedures that enable individuals to come forward with information on illegal practices or violations of organizational policies. This "whistleblower" policy should specify that the organization will not retaliate against, and will protect the confidentiality of, individuals who make good-faith reports.	

## Volunteer Involvement

By adopting the standards outlined in this document related to volunteer involvement the organization demonstrates a commitment to understanding and involving volunteers in the work it does to achieve its mandate. By adopting and implementing the detailed best practices outlined for each standard, organizations send a strong message to volunteers, staff, funders and the community that involvement of volunteers is vital and an integral part of the strategic plan.

Topic	Minimum Standard of Excellence			Best Practices
	Level 1	Level 2	Level 3	
Program Planning and Policies	Policies and procedures are developed and adopted by the organization to provide a framework that defines and supports the involvement of volunteers.			The organization's planning process incorporates volunteers. The Board had approved the overall goals for volunteer involvement. Governance and operational policies are in place, are reviewed regularly and incorporate volunteer involvement practices. Policies and procedures are communicated to all staff and volunteers. Policies and procedures are followed consistently and equitably. Policies and procedures are consistent with national and provincial/territorial Human Rights Codes, The Freedom of Information and Protection of Privacy Act and provincial/territorial employment standards legislation.
Program Administration	The organization has a clearly designated individual (volunteer or paid staff) with appropriate qualifications responsible for the volunteer program.			The designated person has an appropriate level of education and experience to manage the volunteer program. A written job description for the designated person is developed and reviewed regularly. The designated person is a member of the management or administrative team or a key leadership volunteer. The designated person works collaboratively with staff, the local volunteer centre and other organizations to encourage the effectiveness of the volunteer program. Professional development opportunities are provided on a regular basis. The performance of the designated person is reviewed regularly and includes feedback from both staff and volunteers.
Volunteer Assignments	Volunteer assignments address the mission or purpose of the organization and involve volunteers in meaningful ways that reflect the abilities, needs and backgrounds of the volunteers and the organization.			Volunteers and staff (including bargaining units of unions where applicable) are consulted when developing new assignments. Volunteer assignments have written descriptions that include duties, responsibilities, skills needed, time required and benefits. Volunteer assignments are developed to reflect the needs of the organization and the needs of the volunteers. Volunteer assignments are reviewed periodically with staff, volunteers (and bargaining units where applicable) to ensure relevance and value. Volunteers with special requirements or challenges can become involved with the organization. The level of risk is assessed and minimized for all volunteer assignments.
Recruitment	Volunteer recruitment incorporates internal and external strategies to reach out and involve a diverse volunteer base.			Recruitment messages are realistic and clear about the volunteer assignments and expectations. Various techniques are used to recruit volunteers. Recruitment messages indicate that screening procedures are followed in the organization. Genuine effort is made to recruit and select volunteers from a broad range of backgrounds and experiences to represent the community served by the organization. Selection of volunteers is based on actual requirements and pre-determined screening measures.

# Ensuring Excellence

## Standards and Accreditation for Canada's Voluntary Sector

July 2009

<p><b>Screening</b> (Screening is an essential process that lasts for the duration of the volunteer's involvement with the organization. Screening procedures are delivered consistently with no exceptions made for certain individuals. Screening protocols are assigned to the position because of inherent risk; individuals do not determine screening. Screening should be viewed as evidence that the organization cares about its programs and people.)</p>	<p>A clearly communicated screening process is adopted and consistently applied by the organization.</p>			<p>Screening is considered to be an essential process that continues throughout the volunteer's involvement with the organization. Policies relating to screening practices are developed, adopted and clearly communicated to staff and volunteers. All volunteer assignments are assessed for level of risk. Appropriate screening tools are used according to the level of risk of the assignment. Once defined, screening practices are delivered consistently with no expectations made for certain individuals.</p>
<p><b>Orientation and Training</b></p>	<p>Each volunteer is provided with an orientation to the organization, its policies and practices (including the rights and responsibilities of volunteers) and receives training customized to the volunteer assignment and individual needs of the volunteers.</p>			<p>Volunteers receive information on the history, mission and structure of the organization. Volunteers receive information on the policies and procedures specific to their volunteer assignment. Volunteers are given adequate training for performing their assignment without putting themselves or others at risk. Volunteers are informed of the boundaries and limits of their assignments. Volunteers have ongoing training opportunities to upgrade their skills and adapt to changes in the organization.</p>
<p><b>Supervision</b></p>	<p>Volunteers receive a level of supervision appropriate to the task and are given regular opportunities to offer and receive feedback.</p>			<p>The complexity and risk of each assignment determines the level of supervision. Volunteers are assigned and introduced to their supervisors at the start of their assignment. The performance of volunteers is evaluated on a regular basis. Random spot checks with volunteers (and clients) are used to verify volunteer performance. Volunteers are given end encouraged to use mechanisms for providing input to the organization. Situations requiring reprimand and dismissal follow policies and procedures fairly and consistently, while respecting the safety and dignity of all concerned.</p>
<p><b>Recognition</b></p>	<p>The contributions of volunteers are consistently acknowledged with formal and informal methods of recognition.</p>			<p>Senior management acknowledges the efforts of volunteers. Formal methods of recognition are delivered consistently. Informal methods of recognition are delivered in a timely and appropriate manner.</p>
<p><b>Records Management</b></p>	<p>Standardized documentation and records management practices are followed and in line with relevant legislation.</p>			<p>Records are kept for each volunteer using a confidential, secure system respecting the privacy of personal information. Statistical information about the volunteer program is regularly shared with staff and volunteers in the organization. With appropriate agreement, testimonials about volunteer involvement are shared within the organization to promote volunteer involvement.</p>

# Ensuring Excellence

## Standards and Accreditation for Canada's Voluntary Sector

July 2009

<p><b>Evaluation</b></p>	<p>The impact and contribution of involving volunteers and of the volunteer program are continually evaluated to ensure the needs of the organization are being met in fulfilling its mandate.</p>			<p>Performance goals are established annually for the volunteer program. Achievement of performance goals is assessed on an annual basis. Volunteer involvement goals are evaluated regularly by the board of directors. Opportunities exist for volunteers to give feedback to the organization about their involvement.</p>
<p><b>Mission Based Approach to Volunteer Involvement</b></p>	<p>The Board, leadership volunteers and staff acknowledge and support the vital role of volunteers in achieving the organization's purpose and mission.</p>			<p>The Board adopts a statement declaring the vital role of volunteers in achieving the organization's mission. The organization's planning process incorporates volunteer involvement. The Board has approved the overall strategy for volunteer involvement. A budget is allocated for volunteer involvement. Adequate space and equipment are allocated for volunteers to perform their assignments. Appropriate insurance is acquired to minimize volunteer liability. Volunteer involvement goals are evaluated regularly by the Board of Directors</p>
<p><b>Human Resources and the Integration of Volunteers</b></p>	<p>Volunteers are welcomed and treated as valued and integral members of the organization's human resources team.</p>			<p>Staff is given training and recognition to work effectively with volunteers. Input from volunteers is welcomed and solicited for the organization's planning and evaluation. Volunteers are encouraged to grow within the organization. Volunteers are included as equal members of the team.</p>

## **Paid Human Resources**

The Ensuring Excellence initiative has adopted the standards developed by the HR Council for the Voluntary and Non-Profit Sector. These standards are available online at [http://hrcouncil.ca/resource-centre/hr-standards/documents/HRC-HR\\_Standards\\_Web.pdf](http://hrcouncil.ca/resource-centre/hr-standards/documents/HRC-HR_Standards_Web.pdf).