

Ensuring Excellence

Standards and Accreditation for Canada's Voluntary Sector

A Proposal to Implement Standards of Excellence in Canada's Voluntary Sector

Executive Summary

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Mission

To define the behaviours, standards and practices that will bolster public confidence and enhance the credibility and performance of Canadian registered charities and eligible nonprofits and to develop a process of disclosure and certification to publicly demonstrate adherence to those standards.

Goals

- To foster public trust, promote confidence in the sector and to protect both the credibility of the sector and the interests of the public.
- To demonstrate the accountability of the sector to the public and to act as a check and balance to ensure good practice.
- To provide educational tools and capacity-building initiatives to the sector.
- To continually evolve and enhance the standards and accreditation processes for the benefit of Canada's voluntary sector.

Scope

This initiative is intended to be available to all charities and eligible nonprofit organizations based in Canada.

- Nonprofits that are not a registered charity would be eligible if the aims, objectives and methods of working are set out in a public document. The organization must be open to all members of the community with interests relevant to the organization's publicly stated aims. The mission and goals of the organization must be aligned with the spirit and goals of the broader charitable and nonprofit sector.
- Membership in the standards initiative will be a voluntary decision made by each organization.

The Case for Standards

1) Standards will improve the practices and increase the effectiveness of organizations by:

- educating staff and board members about good practices
- providing clear guidelines for making ethical and sound decisions
- creating more effective charities and nonprofits that bring in more funds as well as a stronger staff and volunteer base
- helping charities and nonprofits achieve their mission and improve services to Canadians

2) Standards will promote transparency and accountability in the sector to help maintain public trust by:

- assisting the public and other donors with evaluating charities and nonprofits before they make a donation
- being an indicator for donors that they are giving to an effective and ethical organization

3) Standards will promote existing good practices and build a community of voluntary sector organizations by:

- allowing voluntary sector organizations to better share information on existing good practices
- helping organizations to build on these practices to strengthen operations

4) Standards may help stave off further government regulation.

- There is a risk that one or more levels of government will step in with greater regulation. In some countries and other sectors in Canada, standards were brought in as an alternative to increased government regulation. If successful, standards could play the same role in Canada's voluntary sector.

Launch of the Standards Initiative

2010 Standards Forum

Charities and nonprofits across Canada will be invited to participate in a Standards Forum in early 2010. At this Forum charities and nonprofits will be asked to debate and approve governance structures/processes, membership criteria, values and design principles for the **Ensuring Excellence** initiative.

The 2010 Standards Forum will see the creation of a new not-for-profit corporation (***Voluntary Sector Standards Forum***) operating under the leadership of an elected ***Voluntary Sector Standards Board***. It is expected that the ***Voluntary Sector Standards Forum*** will register ownership of a “brand” or “logo” (e.g. **Ensuring Excellence**) which will publicly signify that a charity or nonprofit has declared its compliance to the standards. Key to the design of the new entity is the principle that it will be designed and operated “by the members/for the members”.

Interested charities and nonprofits will be asked to become “provisional members” of the ***Voluntary Sector Standards Forum*** as part of establishing a “provisional” unincorporated, not-for-profit organization.

2010 – 2011 Provisional Year

An elected Board made up of “provisional members” and ***Standards Partner Organizations*** will assume a leadership role for the initiative from early 2010 to the official launch in 2011. They will be accountable to the sector to formalize and prepare, for final approval at a second Standards Forum to be held in 2011, the governance structure, accreditation process, business model and the first set of standards. Imagine Canada will provide limited support during the provisional year.

2011 Official Launch

It is expected that there will be second Standards Forum meeting in early 2011 at which time Board members will be elected and decisions made about issues such as the evolution of the standards, membership fees and the accreditation process.

Values and Design Principles

Owned and Operated “By the members/For the members”:

- The governance of the standards body, as well as the details of the standards will be controlled by organizations participating in the standards initiative.
- Self-managed standards are much more effective and preferable to externally imposed regulations or standards.
- The initiative will strive to be built on a member-funded business model so as to ensure independence from external stakeholders.
- These standards will be integrated with those of organizations and networks who already have standards and codes of conduct, or who have expertise to share in the areas covered by the standards. Where a sub-sector or national network already has established standards, the initiative will work to merge or nest the initiatives in order to avoid duplication and to provide added credibility to the overall standards as well as the sub-sector standards.
- The understanding of, and buy-in by, the boards of Canada's charities and nonprofits will be fundamental to the success of this initiative.

Evolutionary and phased approach:

- The initiative will be designed to start simply in order to build appreciation for initiative, consensus with, and understanding of standards and the benefits of certification.
- Before moving to the “next phase” it is critical to establish buy-in and ownership by the members 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.
- As this initiative is formalized it is anticipated that the *Ethical Fundraising & Financial Accountability Code* currently operated by Imagine Canada could be incorporated into these standards once the **Voluntary Sector Standards Forum** is established as a formal organization.
- The membership/accreditation process will allow for potential members to evolve and transition towards achieving the standards through some form of provisional (time limited) membership status during which period they will acknowledge the standards and commit to work toward the standards. Full membership would require adherence to all standards (or possibly a public declaration as to why a particular standard is not being met and why it is not appropriate for that organization to adhere to that standard).

Transparency:

- The process of developing, implementing and administering standards is equally as important as the standards themselves, so the process must be open and transparent with members, the sector and all stakeholders.
- Proposed changes to the governance structures/process or the standards themselves should be announced in advance, including a commitment not to proceed to the next phase without the confidence of members in the competence and capability of the **Voluntary Sector Standards Forum** to fairly and effectively administer the program

Celebrating Success:

- Once operational the **Voluntary Sector Standards Board** should consider introducing some formal recognition program to celebrate success and recognize outstanding levels of compliance and behaviour by Canadian charities and nonprofits, so as to encourage other organizations to join the initiative and to celebrate excellence within the sector and with the public/media.

Diversity:

- The standards and accompanying processes will be developed to ensure the participation of as many organizations as possible in order to avoid a program for the elites.
- The standards must recognize the range of size of potential members. The standards will be developed so they can be scaled for different size charities and nonprofits but the rules should apply to everyone.
- The funding model will recognize that larger organizations may have to pay more to support the participation of smaller ones. However, it is expected that all participating organizations should financially support the initiative.

Value Added:

- The final product and processes must be cost effective and add value for nonprofits and charities. Care should be taken to avoid adding unnecessary bureaucracy or to limiting innovation.
- While the standards will declare the minimal levels of compliance, the standards material will also provide access to information on best practices well beyond the minimal standard level of performance.
- The introduction of standards will be accompanied, wherever possible, with access to capacity-building and educational processes in order to achieve, and go beyond, the standards.

Membership and Accreditation Processes

- Charities and nonprofits who declare their intention to move toward accreditation will be accepted as provisional members and required to pay membership dues.
- Provisional members will have a reasonable period (one year to two years) to undertake a review of their practices and then have a declaration form signed by both the CEO/ED and chair of the board of directors of the organization attesting to their readiness to be accredited through an independent peer review process.
- Provisional and full member organizations will be asked to provide a senior member of their staff or board to be trained as a "peer reviewer" and to review other organizations as requested to determine if the organization is adhering to the standards.
- The report of the peer review process will be processed and full membership granted by the **Voluntary Sector Standards Board**.
- Provisional and full members of the **Voluntary Sector Standards Forum** will be entitled to use a brand/logo approved by the **Voluntary Sector Standards Forum**.
- Continuing membership in the **Voluntary Sector Standards Forum** will be predicated on staying current with dues and with a follow-up independent peer review process every three to five years.
- Membership in the **Voluntary Sector Standards Forum** may be suspended or terminated by a decision of the **Voluntary Sector Standards Board** following an investigation of complaints that a member is not in fact complying with the standards as attested in their submissions or revealed through the peer review process.
- The **Voluntary Sector Standards Board** would reserve the right to refuse membership to any organization it believes to be ineligible.
- The **Voluntary Sector Standards Board** would have the right to ask an organization for information about their financial situation, policies and procedures, length of operation or other relevant documentation. The decisions of the **Board** will be final.

Cost and Business Model for the Standards and Accreditation Initiative

It is assumed that the on-going cost of managing this initiative will be borne by the member organizations. This idea:

- builds on the concept of “owned and operated by the sector for the sector” and
- avoids dependence on external sources and forces the initiative to demonstrate value add to its members and the sector.

There may be some grants required to cover start-up costs.

Details with regard to membership (fees, terms, voting rights, etc.) will be developed by the “provisional” **Voluntary Sector Standard Board** between the first and second Standards Forums. They will be approved by the first group of member charities and nonprofits at the second Standards Forum.

It is assumed that management of the initiative will be contracted out by the **Voluntary Sector Standards Board** to a national organization currently operating in the sector in order to avoid building another infrastructure to service the sector.

Frequently Asked Questions

1. How will this initiative be integrated with existing standards?

- A number of sub-sector, national associations, etc. have implemented standards dealing with various issues that either parallel the standards being contemplated in this national sector-wide initiative and/or deal with sub-sector/association specific issues.
- Many of these organizations have expressed a desire to participate in the national initiative but want to ensure there are processes that would allow them to continue with their unique standards or accreditation processes.

Potential Strategies

- Joint/dual branding – combined brand where the standards are essentially the same, but sub-sector branding and accreditation is still needed.
 - Layered branding – basic standards from national initiative plus unique sub-sector standards.
- ### 2. Do we need to create another umbrella organization in order to implement this initiative?
- There has been considerable discussion on this issue and the recommendation is to create a separate “virtual organization” (**Voluntary Sector Standards Forum** with a volunteer led, “infrastructureless” **Voluntary Sector Standards Board**). It is thought that this Forum/Board needs to be arms length from an organization such as Imagine Canada for the following reasons:
 - The membership of the standards initiative will likely be different from the membership base of an established organization such as Imagine Canada.
 - Imagine Canada is a registered charity and as such is legally challenged in providing extensive support to nonprofits.
 - Experience from other jurisdictions and standards body shows that while member service/capacity-building functions and accreditation/adjudication functions can be combined within the same organization, it is extremely challenging to do so.
- ### 3. How will the initiative be staffed?
- Day-to-day management of the initiative and staff support for the **Voluntary Sector Standards Forum/Board** would be contracted out to an organization from the sector willing to host this activity. This will avoid duplication and the creation of additional bureaucracy.
- ### 4. How will small organizations be able to participate without being overwhelmed?
- Minimum levels of excellence will be established for each standard in order to take into account different sized organizations.
 - Capacity-building initiatives, toolkits, etc. will be made available to members and potential members wishing to enhance their practices in any area of the standards.

5. **Will Standards increase the cost of operating an organization.**
 - Any standards developed must strike a balance between setting high ethical guidelines and not becoming too onerous to implement.
 - The standards and compliance processes will be designed to add more value to charities and nonprofits than they cost to implement.
6. **Will organizations be allowed to be provisional members while they work to become fully compliant?**
 - Organizations will be allowed one to two years (to be determined) of provisional membership as they work toward meeting the standards.
 - Provisional members will be able to declare themselves as such publicly.
7. **Will there be allowance for organizations to be members when their circumstances do not allow for compliance with regard to one or more standards?**
 - Organizations unable to comply with any standard will be allowed to be members provided:
 - the Independent Accreditation Committee has reviewed and approved the rationale for non-compliance, and
 - the organization will publicly disclose the non-compliant standard and reason for non-compliance.
8. **Who will make the decisions regarding interpretation of standards and possibly removing an organization from membership for non-compliance?**
 - The **Voluntary Sector Standards Board** will appoint an **Independent Accreditation Committee (IAC)** composed of independent (from any member organization) subject matter experts familiar with the sector.
 - The **IAC** will make recommendations on membership, non-compliance and interpretations to the **Voluntary Sector Standards Board** for action.
9. **Can the Canada Revenue Agency (CRA) be brought into this initiative?**
 - It is proposed that if the sector at the initial Standards Forum in 2010 agrees to launch a provisional organization with the intent of providing standards for the broader Voluntary Sector then an on-going dialogue should be established through the **Voluntary Sector Standards Board** with CRA.
 - We are committed to entering into a dialogue with CRA to support the initiative.
10. **Charities and nonprofits are already regulated by federal and provincial governments. Could this 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 and nonprofits that have limited capacity.