

Ensuring Excellence

Standards and Accreditation for Canada's Voluntary Sector

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

Standards Steering Committee

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Standards Steering Committee – Mandate

To lead the development of the overall standards initiative, including the proposed governance, membership, standards, accreditation process, etc. up to the inaugural Standards Forum in early 2010. At that time it is expected that a Voluntary Sector Standards Board will be elected by the members and assume overall leadership of the initiative.

The Standards Steering Committee will be composed of leaders from interested charities and nonprofits and all the Standards Partner Organizations. In addition, selected members of the Accountability Reference Group will be asked to join in order to provide continuity of thinking from the original planning team. The Committee will be chaired by Imagine Canada through this initial development phase up to the launch at the Standards Forum in early 2010.

It is expected that the Standards Steering Committee will use the vision, principles and beliefs presented in material circulated to the sector in early 2008 as a starting point as well as incorporating the feedback heard from the sector including the Imagine Canada webcast and the 2008 Summit workshop.

The key deliverable of the Standards Steering Committee is to prepare for the 2010 Standards Forum in order to ensure the following are ready for review and approval by the attendees (provisional members):

- a set of standards put forward for debate and consideration over the following year,
- a business plan for the Voluntary Sector Standards Board,
- an accreditation process,
- a governance structure for the overall initiative, and
- continuing to network/partner with other standards initiatives in the sector.

Scope and Terminology

When this initiative was initially proposed, and through the dialogue with the sector during 2008, this initiative was targeting Canada's charities, however during the discussions of the Standards Steering Committee there was a consensus to broaden the scope to include nonprofits as eligible for membership.

The reasons for doing so were:

- there are a significant number of nonprofits that are interested in participating in this initiative,
- most members of the public don't understand the difference between charities and nonprofits and don't know whether the organizations they interact with are charities or nonprofits, and
- many donors and funders have told us that even if the standards are created for charities they will likely ask nonprofits whether they adhere to, or meet, the standards.

The Steering Committee then agreed that there were some categories of nonprofits that should not be eligible for membership (e.g., industry trade associations) and agreed to propose that the scope of membership be aligned with that recently announced by Imagine Canada. To be eligible for membership in the **Ensuring Excellence** initiative organizations would be required to meet the following criteria.

1. An organization must be a self-governing body of persons who have joined together voluntarily to take action for the benefit of the community and established themselves for purposes other than for financial gain for themselves or their members. The organization must be based in Canada.
2. All registered charities would be eligible.
3. 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 community members 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.
4. Organizations must be properly constituted and their existence should not be time limited for a particular purpose.
5. Organizations undertaking and/or affiliated to political parties or unions or for-profit businesses would not be eligible.

The group then struggled with the question of terminology – what do we call this grouping of charities and nonprofits? Despite concern from some in the sector, we have decided throughout this document to refer to this group collectively as the “Voluntary Sector” simply because we couldn't come up with another more satisfactory alternative.

Background to Ensuring Excellence

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. Following work led by Imagine Canada over the past few years involving leaders from across the voluntary sector, there is a broad and growing consensus that standards are one way the voluntary sector can proactively maintain public trust and that they can also help them achieve their mission.

So far – unlike other many institutions – charities and nonprofits and their leaders have maintained high levels of public trust, however, there are reasons to be concerned. The vast majority of charities and nonprofits 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 and nonprofits 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 organizations they support.

Research on the sector indicates that recruiting volunteers, obtaining board members and raising funds are among the most significant challenges charities and nonprofits face. 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. Muttart Foundation's 2008 *Talking About Charities* survey revealed that Canadians who do not trust charities do so because of uncertainty as to where the money is really going. Canadians also feel there is a need for greater transparency regarding organizations' operating practices and that organizations should be obligated to disclose how donors' contributions are spent.

Charities and nonprofits need to instill 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, extra measures are needed to ensure Canada's voluntary sector organizations meet their obligations to their stakeholders and optimize their own performance. Standards – sometimes linked to the concept of self regulation – are one way of promoting confidence and signaling to donors that charities and nonprofits are trustworthy.

What do we mean by Standards?

Standards in this case refer to a voluntary code of conduct or a set of good practices that are intended to encourage Canada's charities and nonprofits to conduct themselves in ways that benefit both themselves and the community. It is envisioned that these standards will evolve over time and will be reviewed and approved on a regular basis by those charities and nonprofits who become members of the initiative. Membership in the standards initiative will be a voluntary decision made by each organization.

The Case for Standards

Based on the research conducted and the dialogue with the sector, there is a strong case to be made for standards. Standards can:

- 1) Improve the practices and increase the effectiveness of organizations.** Standards are a tool that charities and nonprofits 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 and nonprofits that bring in more funds as well as a stronger staff and volunteer base. Ultimately, standards have a role to play in helping charities and nonprofits achieve their mission and improve 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 and nonprofits before they make a donation. Standards can be an indicator for donors that they are giving to an effective and ethical organization. Donors don't always want to take the time needed to appropriately evaluate an organization before giving, although they do want to ensure their funds go to an effective, trustworthy organization. A well respected brand or logo or 'seal of approval' can help donors with this problem.
- 3) Promote existing good practices and build a community of voluntary sector organizations.** A standards initiative could allow voluntary sector organizations to better share information on existing good practices and to build on these practices to strengthen operations.
- 4) Stave off further government regulation.** Given the increased media attention on voluntary sector organizations, 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.

Challenges and Concerns

There are also a number of challenges to developing an appropriate and successful standards program. Some of the concerns charities and nonprofits 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 could 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.
- 2) Many charities and nonprofits already participate in existing standards programs.** There are a number of standards programs in existence already, often aimed at particular subsectors or national associations. While there is some concern about duplication, a number of these charities and nonprofits ties/associations have indicated they can see the benefit of either replacing their standards with sector wide standards or incorporating the sector wide standards with their unique sub-sector standards. 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 an organization.** Concern has been expressed that standards could 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 must be designed to add more value to charities and nonprofits than they cost to implement.

Evolution of the Ensuring Excellence Initiative

In 2006, Imagine Canada obtained funding to update its *Ethical Fundraising and Financial Accountability Code*, in light of regulatory changes, new fundraising practices and the evolution of donor and public attitudes since the Code's original development more than a decade ago. In September 2006, its Board of Directors also struck the Accountability Reference Group (ARG), which was composed of a broad pan-Canadian group of 17 experts and sector leaders, mandated to advise the Board on approaches "to accountability issues and standards of practice for charities and nonprofit organizations." The intention was both to situate the Ethical Code work within a context of broader accountability issues and to begin a process for looking at concerns about charities' accountability beyond fundraising issues. The ARG concluded that standards in a variety of areas could be one way to bolster public confidence and enhance the credibility, performance and effectiveness of Canadian registered charities. Over the course of a series of meetings and conference calls from September 2006 to September 2007, the ARG led the development of a roadmap to enhanced accountability and performance of Canada's registered charities. This included developing the first draft of proposed standards to be used and examining potential business models through which such further development of these standards, and related standards-based programs, could be supported.

During its deliberations the ARG reviewed the experiences of a number of standards programs both within Canada (Canadian Council of Christian Charities, United Way Standards of Excellence, Salvation Army Fundraising Code of Ethics) and outside Canada (Maryland Association of Nonprofit Organizations – est. 1998; Standards for Excellence Institute – est. 2004 to replicate Maryland's program in other jurisdictions – now running in 10 other states; UK Fundraising Standards Board, International NGO Accountability Charter; etc.). In addition, over the past decade Imagine Canada has operated the Ethical Code on behalf of Canada's charities. This successful initiative underwent a redesign over the past three years and much of what has been learned through that experience was incorporated into the ARG's thinking on this initiative. Key lessons learned from the Ethical Code included: the need for an independent accreditation/adjudication body, rigorous accreditation processes, regular update of the standards, and processes to partner with other standards bodies.

The recommendations of the ARG were circulated to the sector in October 2007 in the form of a discussion paper. Feedback on the discussion paper and a follow-up Imagine Canada WebCast on the same subject was generally positive. A standards workshop was conducted at the Sector Summit in May 2008 and feedback and suggestions from all these sources were included in a "Launch Phase" document circulated to the sector in the summer of 2008. This document proposed a process to develop the initiative further to the point that the sector could make a "Go/No Go" decision. Key to that process was the creation of a Sector Steering Committee to refine the concept to the point of preparing a detailed recommendation for the sector to consider.

The Sector Steering Committee through a series of meetings and teleconferences created this document as a proposal for the sector to consider as a starting "design point" for the initiative. Clearly more detailed work needs to be done, but it was felt that if the basic concept laid out in this document was acceptable to a large enough group of potential member organizations at the first Standards Forum in early 2010, then the leadership of that group (proposed as the Voluntary Sector Standards Board) to be elected at the 2010 Standards Forum could take over ownership and direction of the initiative.

Launch of **Ensuring Excellence** – a Standards Initiative

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. Interested charities and nonprofits will be asked to become “provisional members” of the **Voluntary Sector Standards Forum** for the following year as part of establishing a “provisional” unincorporated, not-for-profit organization (**Voluntary Sector Standards Forum**). An elected Board made up of “provisional members” and **Standards Partner Organizations** will assume a leadership role for the initiative over the following year. 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 initial set of standards.

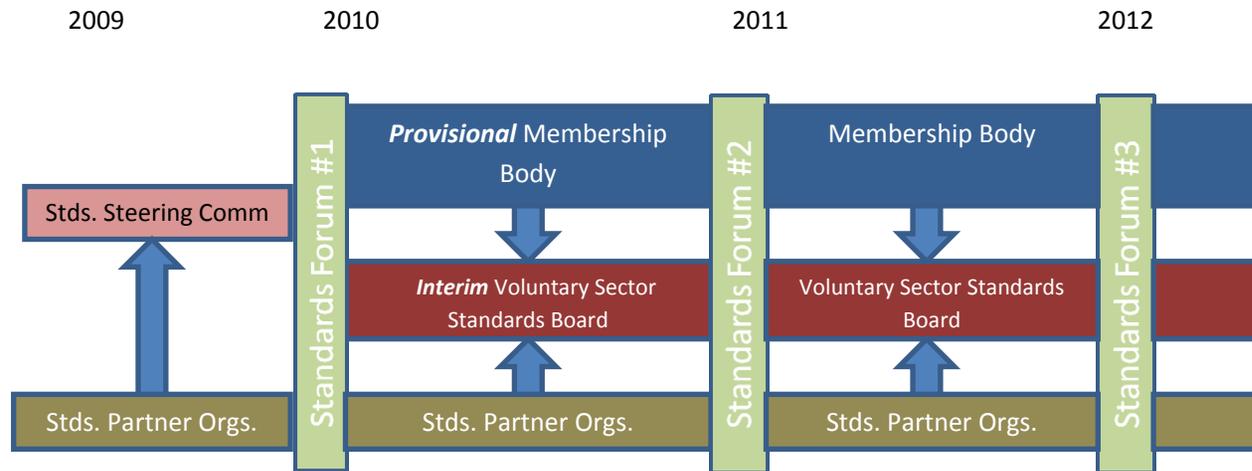
The 2011 Standards Forum will see the launch of a new not-for-profit corporation (**Voluntary Sector Standards Forum**) operating under the leadership of an elected **Voluntary Sector Standard Board** with a call for charities and nonprofits to join as members through an independent peer review process. It is expected that the **Voluntary Sector Standards Forum** will have registered ownership of a “brand” or “logo” (e.g., **Ensuring Excellence**) that 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”.

It is expected that there will be an annual Standards Forum meeting 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.

Membership in the **Voluntary Sector Standards Forum** will be entirely voluntary.

Details regarding 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.

Timeline



Key Organization and Process Decisions Established To Date

Mission of the Standards Initiative

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 of the Standards Initiative

- 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.

Values and Design Principles of the Standards Initiative

- **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.

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- The peer review method of accreditation to the standards could ultimately build towards a third party certification and audit process.
 - 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.
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Governance of the Standards Initiative

The key to the governance of the **Ensuring Excellence** initiative will be the principle that it will be owned and operated “by the members/for the members”. Member organizations will form the body (**Voluntary Sector Standards Forum**) that will approve all key decisions with regard to the governance of the initiative, the standards themselves, the accreditation process, etc. as well as elect the operating governance body (**Voluntary Sector Standards Board**). Decisions of the **Voluntary Sector Standards Forum** will be taken at regular (likely annual) meetings of members (**Annual Standards Forum**).

In order to kick-start the initiative, a Standards Steering Committee, composed of interested leaders from Canadian charities and nonprofits as well as leaders of those organizations who have committed to champion the initial standards for discussion, has been at work over this past year developing a proposal for potential members to consider. The Standards Steering Committee has taken the work of Imagine Canada's Accountability Reference Group, management and volunteers and developed this document as a foundation for discussion by potential member charities and nonprofits at the 2010 Standards Forum. At that Forum it is hoped that there will be enough consensus by potential members to launch the next phase of development.

The Standards Steering Committee proposes the following governance model for consideration and approval by potential members of the **Voluntary Sector Standards Forum** at the 2010 Standards Forum.

Roles Within the “Voluntary Sector Standards Forum”

“Voluntary Sector Standards Forum”: a not-for-profit corporation – voluntarily led by member organizations. Only full members will be voting members of the Forum, except for the first two years of operations during which provisional members would be able to vote as a number of organizations will be working through their initial accreditation.

“Members”: any Canadian charity or eligible nonprofit that has completed the process of accreditation and are up to date in terms of payment of dues/fees to the **Voluntary Sector Standards Forum**.

“Provisional Members”: any Canadian charity or eligible nonprofit that has declared they are working toward accreditation and are up to date in terms of payment of dues/fees to the **Voluntary Sector Standards Forum**. Provisional membership will last between 1 and 2 years (to be determined).

“Voluntary Sector Standards Board”: a provisional volunteer board of 10 – 12 directors to lead the **Voluntary Sector Standards Forum** organization. The Board will be composed of elected leaders from member organizations, or provisional members in the first years of operation, who would elect their own officers. The **Board** will propose by-laws, select members of the **Independent Accreditation Committee** and manage the initiative between meetings of the members.

Ensuring Excellence

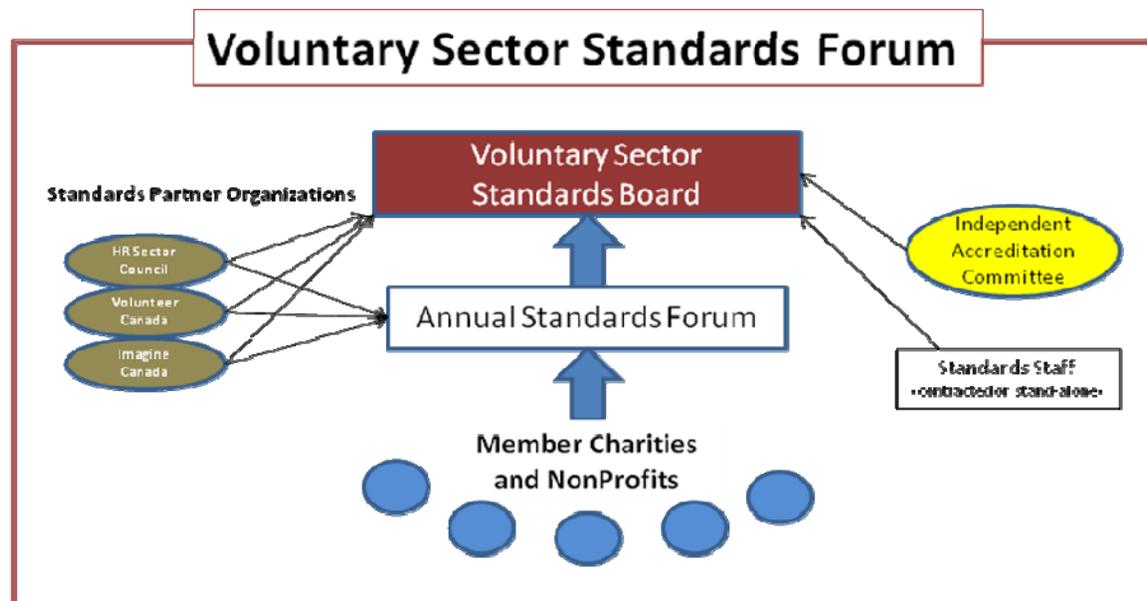
“**Standards Partner Organizations**”: expert organizations with experience in the sector, engaged by the **Voluntary Sector Standards Board** to champion and lead work on an area of standards on behalf of the sector. These organizations will commit to leading a dialogue on the evolution of standards, help to select members of the **Independent Accreditation Committee** and champion capacity building initiatives for the sector in their area of expertise.

“**Annual Standards Forum**”: Members, and potential members, will meet annually to review the standards (and approve any changes), review and approve the accreditation process and elect the **Voluntary Sector Standards Board**.

“**Independent Accreditation Committee**”: The **Voluntary Sector Standards Board** will appoint a committee of independent and knowledgeable experts from the sector to review accreditation decisions and to assist in interpretations related to each area of the standards. This group will also recommend “delisting” any member organization that is in violation of the standards. (This committee would operate in the manner in which Imagine Canada’s Ethical Code Committee has operated over the past decade.)

“**Exemplar**”: The governance of the **Voluntary Sector Standards Forum** must be designed in such a manner so as to be exemplary of the governance standards

Governance/Organization Vision



Accreditation and Membership in the Standards Initiative

Charities and nonprofits who declare their intention to move toward accreditation will be accepted as provisional members and required to pay dues as set by the **Voluntary Sector Standards Board** and approved by the **Voluntary Sector Standards Forum**. Provisional members will have up to one year 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 Forum**. Provisional and full members of the **Voluntary Sector Standards Forum** will be entitled to use the brand/logo approved by the **Voluntary Sector Standards Forum**, such as the examples below.

Provisional Member of
Ensuring Excellence
Standards for Canada's Voluntary Sector

Member of
Ensuring Excellence
Standards for Canada's Voluntary Sector

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 upon recommendation of the **Independent Accreditation Committee**. 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.

Linkage with other Standards Initiatives in the Canadian Voluntary Sector

There are a number of subsets of the voluntary sector that currently operate standards for their associations or member networks. It is proposed that the **Voluntary Sector Standards Board** develop policies and processes to allow for “nested” or “layered” groups of standards. This would allow for the **Ensuring Excellence** initiative to be the “foundational” standards which would apply to any and all organizations within the voluntary sector. Sub-sectors or national association could layer on top of the foundational standards, other standards which would address issues specific to their sub-sector.

This could include joint branding, mutual accreditation processes or licensed use of the standards to sub-sectors of the voluntary sector so as to ensure we avoid duplication and additional administrative burden. Care must be taken to ensure that the accreditation standards and processes are of the same quality.

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 and the current members of the Ethical Code Program agree to the change.

Cost and Business Model for the Standards 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.
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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.

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	
Board as Organization Leader				
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.		

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<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 shall be entitled to receive, either directly or indirectly, any salary, wages, fees, commissions or other amount for services rendered to the organization.</p>			

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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.	
Board In Control				
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.	

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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	
Accountability				
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.	
Transparency				
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.

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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.
Financial Management				
Format of Financial Statements	All organizations must complete Annual Financial Statements including: <ul style="list-style-type: none"> Statement of Financial Position (Balance Sheet) and Statement of Operations (Income Statement) Financial Statements are audited by an independent licensed public accountant if gross annual revenues exceed \$250,000 	All organizations must complete Annual Financial Statements including: <ul style="list-style-type: none"> Statement of Financial Position (Balance Sheet) and Statement of Operations (Income Statement) <i>and Cash Flow Statement</i> <i>Notes to financial statements</i> Financial Statements are audited by an independent licensed public accountant if gross annual revenues exceed \$250,000 	All organizations must complete Annual Financial Statements including: <ul style="list-style-type: none"> Statement of Financial Position (Balance Sheet) and Statement of Operations (Income Statement) and Cash Flow Statement <i>Notes to financial statements</i> Financial Statements are audited by an independent licensed public accountant if gross annual revenues exceed \$250,000 	
Content of Financial Statements	<p>The Financial Statements for all organizations should:</p> <ul style="list-style-type: none"> be factual and accurate in all material respects; disclose the gross amount of fundraising revenues (receipted and non-receipted); disclose a break out of sources of gross revenue; disclose the total amount of fundraising expenses (including salaries and overhead costs); disclose the elements of fundraising expenses segregate undesignated and designated funds (for aggregate amounts over \$100,000) identify government grants and contributions separately from other donations (for aggregate amounts over \$100,000) <p>In addition for registered charities the Financial Statements should:</p> <ul style="list-style-type: none"> disclose all donations that are receipted for income tax purposes disclose the total amount of expenditures on any charitable activities (including gifts to other charities); 			

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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		

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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		
Ethical Behaviour				
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.

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<p>Screening (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>Orientation and Training</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 individuals 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>Supervision</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>Recognition</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>Records Management</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>

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<p>Evaluation</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>Mission Based Approach to Volunteer Involvement</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>Human Resources and the Integration of Volunteers</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.