

Standards for Excellence® Educational Resource Packets and Corresponding Sections of the Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector

2012

Educational Resource Packet	Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector Indicator Covered
1. Developing and Revising the Mission	Section I: Mission and Program: The organization's purpose, as defined and approved by the board of directors, should be formally and specifically stated. The organization's activities should be consistent with its stated purpose. (IA1) A nonprofit should periodically revisit its mission to determine if the need for its programs continues to exist. The organization should evaluate whether the mission needs to be modified to reflect societal changes, its current programs should be revised or discontinued, or new programs need to be developed. (IB1)
2. Program Evaluation	Section I: Mission and Program: 1) A nonprofit should have defined, cost-effective procedures for evaluating, both qualitatively and quantitatively, its programs and projects in relation to its mission. These procedures should address programmatic efficiency and effectiveness, the relationship of these impacts to the cost of achieving them, the outcomes for program participants. Evaluations should include input from program participants. 2) Evaluations should be candid, be used to strengthen the effectiveness of the organization and, when necessary, be used to make programmatic changes.
3. Program Service – Grievance Procedures, Confidentiality, and Satisfaction of Program Participants	Section I: Mission and Program In providing its programs or services, a nonprofit should act with the utmost professionalism and treat persons served with respect. Where appropriate, a nonprofit should have policies in place that protect the confidentiality of personal information and should provide a grievance procedure to address complaints. Nonprofits should regularly monitor the satisfaction of program participants.
4. Ongoing Planning by Board	Section II: Governing Body: The board should engage in long-term and short-term planning activities as necessary to determine the mission of the organization, to define specific goals and objectives related to the mission, and to evaluate the success of the organization's programs toward achieving the mission.
5. Compensation and Employee Evaluation	Section II: Governing Body The full board or some designated committee of the board should hire the executive director, set the

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	<p>executive's compensation, and evaluate the director's performance at least annually. In cases where a designated committee performs this responsibility, details should be reported to the full board.</p> <p>The board should periodically review the appropriateness of the overall compensation structure of the organization.</p> <p>A nonprofit's relationship to its employees and volunteers is fundamental to its ability to achieve its mission...An organization's human resource policies should address both paid employees and volunteers, and should be fair, establish clear expectations, and provide for meaningful and effective performance evaluation. Organizations should have a system in place for regular written evaluation of employees by their respective supervisors, which should take place at least annually.</p>
6. Board Composition	<p>Section II: Governing Body</p> <p>The board should be composed of individuals who are personally committed to the mission of the organization and possess the specific skills needed to accomplish the mission.</p> <p>Where an employee of the organization is a voting member of the board, the circumstances must insure that the employee will not be in a position to exercise undue influence.</p> <p>The board should have no fewer than five (5) unrelated directors. Seven (7) or more directors are preferable.</p> <p>The organization's bylaws should set forth term limits for the service of board members.</p> <p>Board membership should reflect the diversity of the communities served by the organization.</p> <p>Board members should serve without compensation for their service as board members. Board members may only be reimbursed for expenses directly related to carrying out their board service.</p>
7. Conduct of the Board	<p>Section II: Governing Body</p> <p>The board is responsible for its own operations, including the education, training and development of</p>

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	<p>board members, periodic evaluation of its own performance, and where appropriate, the selection of new members.</p> <p>The boards should establish stated expectations for board members, including the expectations for participating in fundraising activities, committee service and program activities.</p> <p>The board should meet as frequently as needed to fully and adequately conduct the business of the organization. At minimum the board should meet four times at year.</p> <p>The organization should have written policies which address attendance and participation of board members at board meetings, and which include a process to address noncompliance.</p> <p>Written minutes reflecting the actions of the board, including reports of board committees when acting in the place of the board, should be maintained and distributed to board and committee members.</p>
8. Conflict of Interest	<p>Section III: Conflicts of Interest</p> <p>Nonprofits should have a written conflict of interest policy. The policy should be applicable to all board members and staff, and to volunteers who have significant independent decision making authority regarding the resources of the organization. The policy should identify the types of conduct or transactions that raise conflict of interest concerns, should set forth procedures for disclosure of actual or potential conflicts, and should provide for review of individual transactions by the uninvolved members of the board of directors.</p> <p>Nonprofits should provide board members, staff, and volunteers with a conflict of interest statement that summarizes the key elements of the organization's conflict of interest policy. The conflict of interest statement should provide space for the board member, employee or volunteer to disclose any known interest that the individual, or a member of the individual's immediate family, has in any business entity which transacts business with the organization. The statement should be provided to and signed by board members, staff, and volunteers, both at the time of the individual's initial affiliation with the organization and at least annually thereafter.</p>
9. Personnel Policies and Employee	Section IV: Human Resources

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Orientation	<p>Personnel Policies A nonprofit should have written personnel policies and procedures, approved by the board of directors, governing the work and actions of all employees and volunteers of the organization. In addition to covering elements of the employment relationship (e.g. working conditions, employee benefits, vacation and sick leave), the policies should address employee evaluation, supervision, hiring and firing, grievance procedures, employee growth and development, confidentiality of employee, and client and organization records and information.</p> <p>Employee Evaluation New employees of the organization should receive an orientation, which includes review of the organization's personnel policies and procedures, and an introduction to the <i>Standards for Excellence</i>®. Employees should be provided with a copy of the personnel policies and these <i>Standards</i>®, and should acknowledge receipt in writing.</p>
10. Volunteer Policies	<p>Section VI: Human Resources A nonprofit should have written. . . policies and procedures . . . approved by the board of directors, governing the work and actions of all. . . volunteers of the organization.</p> <p>With respect to volunteers, the organization's policies and procedures should also address initial assessment, screening, assignment to and training for appropriate work responsibilities, ongoing supervision and evaluation, and opportunities for advancement.</p>
11. Financial Planning and Monitoring	<p>Section II: Governing Body The board annually should approve the organization's budget and periodically should assess the organization's financial performance in relation to the budget. As part of the annual budget process, the board should review the percentages of the organization's resources spent on program, administration, and fundraising.</p> <p>Section V: Financial and Legal A nonprofit should operate in accordance with an annual budget that has been approved by the board of directors.</p> <p>A nonprofit should create and maintain financial reports on a timely basis that accurately reflect the</p>

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	<p>financial activity of the organization. Internal financial statements should be prepared no less frequently than quarterly, should be provided to the board of directors, and should identify and explain any material variation between actual and budgeted revenues and expenses.</p> <p>For nonprofits with annual revenue in excess of \$500,000, the accuracy of the financial reports should be audited by a Certified Public Accountant.</p>
12. Reporting Financial Improprieties	<p>Section V: Financial and Legal</p> <p>An organization should provide employees a confidential means to report suspected financial impropriety or misuse of organization resources and should have in place a policy prohibiting retaliation against persons reporting improprieties.</p>
13. Financial Policies	<p>Section II: Governing Body</p> <p>The board should establish policies for effective management of the organization, including financial and, where applicable, personnel policies.</p> <p>Section V: Financial and Legal</p> <p>Organizations should have written financial policies adequate for the size and complexity of their organization governing: (a) investment of assets of the organization; (b) internal control procedures; (c) purchasing practices; and (d) unrestricted current net assets. A nonprofit should periodically review its financial policies.</p>
14. Legal Requirements Checklist	<p>Section V: Financial and Legal</p> <p>Nonprofits must be aware of and comply with all applicable Federal, state, and local laws. This may include, but is not limited to, the following activities: complying with laws and regulations related to fundraising, licensing, financial accountability, document retention and destruction, human resources, lobbying and political advocacy, and taxation.</p> <p>Nonprofits should periodically conduct an internal review of the organization's compliance with known existing legal, regulatory and financial reporting requirements and should provide a summary of the results of the review to members of the board of directors.</p>

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15. Legal Compliance Liability Issues	<p>Section V: Financial and Legal</p> <p>Organizations should periodically assess the need for insurance coverage, in light of the nature and extent of the organization's activities and its financial capacity. A decision to forego general liability insurance coverage, directors and officers liability insurance coverage, shall only be made by the board of directors and shall be reflected in the minutes for the meeting at which the decision was made.</p>
16. Openness	<p>Section VI: Openness</p> <p>Annual Report-</p> <p>Nonprofits should prepare, and make available annually to the public, information about the organization's mission, program activities, and basic audited (if applicable) financial data. The report should also identify names of the organization's board of directors and management staff.</p> <p>Public Access –</p> <p>Nonprofits should provide members of the public who express an interest in the affairs of the organization meaningful opportunity to communicate with an appropriate representative of the organization.</p> <p>Nonprofits should have at least one staff member who is responsible for assuring that the organization is complying with both the letter and the spirit of federal and state laws that require disclosure of information to members of the public.</p>
17. Fundraising Costs	<p>Section VII: Fundraising</p> <p>A nonprofit's fundraising costs should be reasonable over time. On average, over a five (5) year period, a nonprofit should realize revenue from fundraising and other development activities that are at least three times the amount spent on conducting them. Organizations whose fundraising ratio is less than 3:1 should demonstrate that they are making steady progress toward achieving this goal, or should be able to justify why a 3:1 ratio is not appropriate for the individual organization.</p> <p>Section II: Governing Body</p> <p>As part of the annual budget process, the board should review the percentages of the organization's resources spent on program, administration, and fundraising.</p>

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<p>18. Fundraising Practices</p>	<p>Section VII: Fundraising Charitable fundraising provides an important source of financial support for the work of most nonprofit organizations. An organization's fundraising program should be maintained on a foundation of truthfulness, responsible stewardship. Its fundraising practices should be consistent with its mission, compatible with its organizational capacity, and respectful of the interests of donors and prospective donors.</p> <p>Nonprofits should respect the privacy of donors and safeguard the confidentiality of information that a donor reasonably would expect to be private.</p> <p>Nonprofits should provide donors an opportunity to state that they prefer to remain anonymous and that their name, the amount of their gift, or other information not be publicly released.</p> <p>Nonprofits should provide donors an opportunity to have their names removed from any mailing lists which are sold, rented, or exchanged.</p> <p>Nonprofits should honor requests by a donor to curtail repeated mailings or telephone solicitations from in-house lists.</p> <p>Solicitations should be free from undue influence or excessive pressure, and should be respectful of the needs and interests of the donor or potential donor.</p>
<p>19. Solicitation and Acceptance of Gifts</p>	<p>Section VII: Fundraising An organization should have policies in place to govern the acceptance and disposition of charitable gifts that are received in the course of its regular fundraising activities. These policies should include procedures to determine any limits on individuals or entities from which the organization will accept a gift, the purposes for which donations will be accepted, the type of property which will be accepted, and whether to accept an unusual or unanticipated gift in light of the organization's mission and organizational capacity.</p>

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20. Employment of Fundraising Personnel and Engagement of Fundraising Consultants	<p>Section VII: Fundraising</p> <p>Fundraising personnel, including both employees and independent consultants, should not be compensated based on a percentage of the amount raised or other commission formula.</p> <p>When using the services of a paid professional fundraising consultant, organizations should only use the services of professional solicitors and fundraising counsel who are properly registered with applicable regulatory authorities.</p> <p>Organizations should exercise control over any staff, volunteers, consultants, contractors, other organizations, or businesses who are known to be soliciting contributions on behalf of the organization.</p>
21. Public Policy Advocacy Promoting Public Participation	<p>Section VIII: Public Affairs and Public Policy</p> <p>Nonprofits should have a written policy on advocacy defining the process by which the organization determines positions on specific issues.</p> <p>Nonprofits engaged in promoting public participation in community affairs shall be diligent in assuring that activities of the organization are strictly nonpartisan.</p>
22. Nonprofits Effort to Educate the Public	<p>Section VIII: Public Affairs and Public Policy</p> <p>Nonprofits should assure that any educational information provided to the media or distributed to the public is factually accurate and provides sufficient contextual information to be understood.</p>
23. IRS Form 990 Governance and Management Policy Compendium	<p>Section V: Financial and Legal</p> <p>Nonprofits must be aware of and comply with all applicable Federal, state, and local laws. This may include, but is not limited to, the following activities: complying with laws and regulations related to fundraising, licensing, financial accountability, document retention and destruction, human resources, lobbying and political advocacy, and taxation.</p>
24. Information Technology Planning	<p>I. Mission and Program</p> <p>Program Evaluation</p> <p>A nonprofit should have defined, cost-effective procedures for evaluating, both qualitatively and quantitatively, its programs and projects in relation to its mission. These procedures should address</p>

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	<p>organization governing: (a) investment of the assets of the organization (b) internal control procedures, (c) purchasing practices, and (d) unrestricted current net assets. A nonprofit should periodically review its financial policies.</p> <p>Legal Compliance and Accountability</p> <p>Nonprofits must be aware of and comply with all applicable Federal, state, and local laws. This may include, but is not limited to, the following activities: complying with laws and regulations related to fundraising, licensing, financial accountability, document retention and destruction, human resources, lobbying and political advocacy, and taxation.</p>
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