

*Want to better demonstrate to government,  
funders, the public and even other nonprofits  
how your organization is accountable?*

*Here are **ten principles** your nonprofit can adopt.*

# Ensuring Nonprofit Integrity Initiative



**A call to nonprofits** throughout California—regardless of size, geographic location, purpose or mission — to voluntarily adopt an organizational culture and professional standard to make accountability a more visible and transparent practice — *not because it is required, but because it is the right thing to do.*



California  
Association  
of Nonprofits

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# Principles and Strategies for More **Visible and Transparent** **Accountability**



## *Principles*

## *Strategies*

**1** **Being accountable begins with you: The first step is to hold yourself accountable.**

**Being accountable is not just about attending a class or workshop every now and then; it is about making a personal commitment to being absolutely ethical and accountable in all aspects of your professional behavior. Decide:**

- a. How will you model the core values and ethical principles of your organization in your day-to-day performance?
- b. How are you brutally honest with yourself and others about your performance, your team's performance, and your organization's performance?
- c. How will you talk openly and honestly with other staff members and stakeholders about programs, operations, decision-making rationales, outcomes and change?

**2** **Create an organizational culture of accountability.**

**We know your organization is accountable. The question the board and staff need to address is: *How will we make that accountability more visible and transparent to our many audiences, including the public?***

- a. To whom are you accountable? Thoughtfully identify the audiences and constituencies to whom your organization is accountable — and decide how you will be accountable to them.
- b. Add “How are we being accountable to our multiple audiences?” as a discussion item on board and staff meeting agendas.
- c. Develop an accountability plan that includes specific goals and outcomes that promote accountability. Integrate the plan into your annual operational plan, incorporate it into job descriptions, and include accountability in all staff and organizational evaluations.
- d. Adopt a code of ethics or operational standards *that you develop yourself*. Codes and standards developed by others can inform your effort. Understanding about and commitment to accountability is more likely to occur when board and staff work it through together.

**3** **Have fiercely independent board members.**

**Integrity and accountability are best ensured when board members ask questions and demand meaningful answers before they act — especially when faced with confusing, complex or eyebrow-raising information.**

- a. If board members aren't asking tough questions, then ask yourself, “What can we do to get board members to ask more questions? How does our board culture discourage active involvement? What can I do to help board members be more active?”
- b. Encourage independence by scheduling a 15-minute executive session at the end of every board meeting during which the board can discuss issues without the executive director in the room.

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## *Principles*

## *Strategies*

<p><b>4</b> <b>Comply with both the letter and the spirit of laws and regulations.</b></p>	<p><b>Comply in a timely, accurate and transparent fashion with all laws, regulations and requirements that impact the organization.</b></p> <ol style="list-style-type: none"> <li>Many people think they know the rules and regulations that apply to nonprofits, but often they are misinformed. Regularly visit the IRS and Attorney General’s websites to check for new regulations.</li> <li>Does the board know when funder reports are due, whether they are filed on time, and whether they are scrupulously accurate?</li> <li>Is your 990 filed on time and made available to the public? Is it an honest, accurate statement of your organization’s financial condition?</li> <li>File your 990 electronically to reduce the current level of errors to less than 1%, benefit from the time and financial savings inherent in electronic filing, and benefit the donating public and regulators with increased accuracy, timeliness and access to information.</li> </ol>
<p><b>5</b> <b>Increase visibility and transparency by disclosing more than is required by law.</b></p>	<p><b>Compliance with regulations should be the least, not the only, activity your organization does to be accountable.</b></p> <ol style="list-style-type: none"> <li>Discuss how to inform all stakeholders and the general public about how you are using the money you receive and accomplishing your mission.</li> <li>What information can you put on your website that would give the public a greater understanding of what your organization actually achieves?</li> <li>Avoid “filtering” the information that you share with your stakeholders. Highlighting your achievements is one thing; intentionally misleading stakeholders by “spinning” information is deceptive.</li> </ol>
<p><b>6</b> <b>Institute enough internal controls to discourage self-interest or fraud and to encourage reporting (whistle-blowing) of unethical or illegal behavior.</b></p>	<p><b>Rather than relying on trust alone, board and management need to identify where the organization is the most vulnerable and make sure good controls are in place to protect its image and practice.</b></p> <ol style="list-style-type: none"> <li>Develop and distribute a whistle-blower policy to all staff, board, volunteers and clients.</li> <li>Encourage everyone to communicate any concerns about behaviors and practices within your organization by investigating concerns and reporting on what was discovered.</li> </ol>
<p><b>7</b> <b>Be a whistle-blower yourself. Stand up and declare that fraud, unethical behavior and any failures of nonprofit accountability will not be tolerated.</b></p>	<p><b>Break the conspiracy of silence around wrongdoing. All nonprofits are tainted when another nonprofit engages in illegal or unethical behavior.</b></p> <ol style="list-style-type: none"> <li>Take a stand. Write a letter to the editor. Go to the organization you have concerns about and ask them to clean up their practice. If necessary, report them to authorities.</li> <li>Step up your own oversight activities and share how you are going to increase your own vigilance to avoid self-dealing and fraud.</li> </ol>

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## *Principles*

## *Strategies*

**8** **Build the organization's capacity to be accountable.**

**Create a board/staff Accountability Committee to develop and manage a strategy for enhancing your accountability practices.**

- a. Make accountability as important as fundraising, program management and governance.
- b. Use an assessment tool — see CAN's *Ensuring Nonprofit Integrity Paper* for a sample tool — to help determine where change or improvement is needed.
- c. At staff and board meetings, provide regular training opportunities in principled reasoning skills and other practices that help build or strengthen ethics and integrity.

**9** **Fulfill your mission.**

**In the broadest sense, *accountability is how an organization demonstrates, answers for or explains its actions, outcomes and results.* When asked what nonprofits could do to win their trust, respondents to a 2005 survey said, "Charities must show that they are producing real, tangible and measurable results with which the public can identify and connect."**

- a. Ask, "Is the organization producing the results it promised? Is there congruence between the organization's mission and its results?" Be unflinchingly honest with yourself, your staff and your board when evaluating programs and services.
- b. Regularly provide a State of the Organization report to your stakeholders that clearly outlines the ways in which you are fulfilling your mission, where the congruence falls short, and how you will resolve the discrepancies.

**10** **Most important: Remember that accountability is not a separate objective activity but a constant reflection of who and what we are.<sup>2</sup>**

**Being accountable is not an outcome or end-point that your organization can accomplish and then set aside. It is a continual process calling for principled reasoning and constant attention. CAN is asking all nonprofits in California to voluntarily adopt an organizational culture and professional practice to make accountability a more visible and transparent practice — not because it is required, but *because it is the right thing to do.***

1 "Rebuilding Public Confidence in Charitable Organizations," by New York University's Robert F. Wagner Graduate School of Public Service, Organizational Performance Initiative. Full report available at [http://wagner.nyu.edu/news/wpb1\\_light.pdf](http://wagner.nyu.edu/news/wpb1_light.pdf)>NYU Wagner.

2 Ebrahim, A, "Making Sense of Accountability: Conceptual Perspectives for Northern and Southern Nonprofits," *Nonprofit Management Management & Leadership*, vol. 14, no 2, Winter 2003, Wiley Periodicals, Inc., page 191 -209.

# Be Part of CAN's Statewide Ensuring Nonprofit Integrity Initiative



CAN's Ensuring Nonprofit Integrity Initiative is a thoughtful response to the nationwide increase of nonprofit watchdogging and accelerating calls for accountability by donors, policy makers and the general public. The Initiative works to:

1. Help nonprofits understand and respond to the multiple audiences to whom they are accountable.
2. Provide practical tools to nonprofits for demonstrating their accountability through enhanced practices, behaviors, and values.
3. Advocate for regulations that actually reduce the risk of misuse of resources.
4. Work with media and the nonprofit community to reframe how the nonprofit community is seen.

The Initiative includes an *Ensuring Nonprofit Integrity Paper*, workshops and a public policy effort working to ensure legislation and regulations aiming to improve nonprofit accountability are both feasible and effective.



## Here are five ways to get involved today:

1. Ask your board and staff to **adopt a commitment** to more visible and transparent day-to-day accountability.
2. Read more about the initiative and **obtain a copy of the *Ensuring Nonprofit Integrity Paper*** from CAN ([www.CAnonprofits.org](http://www.CAnonprofits.org)) and distribute it throughout your organization. Do the accountability assessment with the board and staff together. Based on your score, decide what practices need improving.
3. On your website or in your newsletter, **declare the practices your organization will implement** as your commitment to enhanced accountability. Then make sure those practices are as visible and transparent as possible.

## Become an *Integrity Partner*

Most importantly, become an *Integrity Partner* by:

- Organizing your members or grantees in a commitment to more visible and transparent day-to-day accountability.
- Work with CAN, your local management support organization or on your own to provide ongoing learning and capacity-building opportunities in the area of integrity and accountability.
- Link from your website to CAN's Ensuring Nonprofit Integrity web page ([www.CAnonprofits.org](http://www.CAnonprofits.org)).
- Meet with CAN once or twice a year to discuss ways to improve and expand the *Ensuring Nonprofit Integrity Initiative*.

Contact Tarra McFadden ([tmcfadden@CAnonprofits.org](mailto:tmcfadden@CAnonprofits.org)) for more information about being an ***Integrity Partner*** or meeting with CAN about how to strengthen your accountability practice. Visit the CAN website at [www.CAnonprofits.org](http://www.CAnonprofits.org) to download a full copy of the Ensuring Nonprofit Integrity Paper or for the name of a management support organization or policy organization near you that can support your efforts to become more accountable.

# CAN's Public Policy Structure



CAN's advocacy and public policy work is guided by an independent advisory body called the CAN Policy Council, complemented by a statewide network of CAN Regional Partners, and endorsed by the CAN Board of Directors.

## *CAN Policy Council*

### **Michael Alexander**

Executive Director  
Grand Performances

### **Brian Bolton**

Executive Director  
Volunteer Centers of California

### **Liz Callahan**

Director  
The CBO Center

### **CJ Callen**

Director of Effective  
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Chief Executive Officer  
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### **Patricia Gardner**

Executive Director  
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### **Kacey Herbst**

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### **Roccie Hill**

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# CAN's Public Policy Structure



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Nonprofits/Volunteer Center  
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# Join CAN Today!



The California Association of Nonprofits (CAN) protects, strengthens and promotes California nonprofits through advocacy, training, membership and tools that streamline their work, save them money and increase their mission impact.

**Join CAN today!** Fill out the enclosed enrollment form, visit [www.CAnonprofits.org](http://www.CAnonprofits.org) or call (213) 347-2070, ext. 205.



## *CAN Membership Benefits*

- **Exclusive access to CAN Insurance Services**, a brokerage just for CAN members that finds you the best coverage for your needs.
- **Exclusive subscription to the CAN Alert bimonthly newsletter**, which tracks emerging trends and most promising practices in nonprofit management.
- **Exclusive opportunities to build peer networks** with your colleagues across the California nonprofit sector, post your press releases online
- **Exclusive eligibility for the Awards of Excellence**, four annual awards of \$5,000.
- **Discounts on CAN conferences**, workshops, publications, Job Center advertising and financial systems consulting.
- **Discounts on products and services you use every day** including up to 65% off at Office Depot as well as savings on conference calling services, food service supplies, and printing and copying.
- **Special attention and customer service** from companies such as Mutual of America, Nonprofits' Insurance Alliance of California, Foundation Services Group and Union Bank of California.
- **Toll-free access to the Managers Helpline** with tailored responses to your most pressing problems — including financial management, human resources, board governance and more.

**In addition, you'll get the satisfaction of knowing your membership is protecting, strengthening and promoting California nonprofits!**

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