

Compendium of Standards, Codes, and Principles of Nonprofit and Philanthropic Organizations

Accountability and Effectiveness

Introduction

Accountability begins with compliance with all applicable local, state, and federal laws and regulations and international conventions and law. Government has a key role to play in enforcing minimum standards of accountability that are written into law and regulations. Organizations of the independent sector and their boards of directors have a responsibility to know and follow the law.

Organizations of the independent sector, however, are expected to go beyond the law and adhere to a set of ethical standards that are more stringent than what is written into law and regulation. Subscribing to a concrete set of ethical codes and accountability standards helps ensure that we uphold sound ethical standards and hence maintain public trust.

Adhering to accountability standards promotes self-regulation within the sector. By codifying standards of ethical behavior and responsible stewardship, an organization creates a benchmark against which to measure the performance of their board, staff, volunteers, members, and associates. Issue areas that such standards should cover include mission, governance, legal and regulatory compliance, ethical practices including avoiding conflicts of interest, responsible stewardship of resources (both financial and other), disclosure policies, human resource policies regarding inclusiveness and diversity, and program evaluation. For grantmaking organizations, proper norms for grantmaking should also be included; for organizations that solicit funds, proper norms for fundraising are essential.

Subscribing to standards also informs donors of an organization's commitment to follow sound, ethical practices. Published standards give donors knowledge of how they will be treated, and how the organization they support operates, in turn allowing them to make better-informed decisions about giving.

Thus, standards serve as tools for self-regulation and information. They explicitly reaffirm a commitment to upholding sound ethical practices. In so doing, they give strength to the invaluable covenant of trust between the public and the independent sector.

Sample Standards, Codes, and Practices

The standards, codes, and principles below provide different examples of codifying a set of principles. The standards are organized by the type of organization implementing them; by the types of organizations, individuals, or issues to which they apply; by subsector; and, in several cases, by a specific issue area that the standards cover.

Standards for public charities cover those organizations that solicit funds from the public to one degree or another. Some standard-setting organizations conduct external reviews of charities. These are the so-called “charity watchdog” groups. Many membership associations or organizations with affiliates have standards for their members, and a number of organizations have standards that they have developed for their own internal use and guidance. Some of the standards are intended to cover a wide range of organizations across the entire nonprofit sector and others are intended to be specific to a particular subsector (museums, land trusts, etc.).

Standards for foundations set standards for grantmaking entities, including private and family foundations, corporate foundations, and community foundations. Codes and principles for professional practice apply to individuals engaged in fundraising, volunteer administration, and other professional services for nonprofit organizations.

A Donor Bill of Rights clarifies a donor’s rights and responsibilities that should be respected by nonprofit organizations and fundraising professionals. Standards regarding online philanthropy and corporate-nonprofit partnerships are two specialized areas where standards have been developed that apply to organizations involved in those activities.

Standards vary widely in what they cover, in how they are developed, and how they are implemented. Some of them are very comprehensive, and some cover only one or a limited range of subjects. Some are developed using a broadly consultative process with the groups that will be affected, and some are developed without such a process. Some associations make compliance with their standards voluntary, and some make it mandatory. Some of the standards are implemented by a reviewing organization that determines whether an organization meets the standards, and some are implemented through a self-evaluation process where the organization itself determines whether or not it complies with the standards. Some organizations use a rating system, and some use a compliance/noncompliance system. In short, there are almost as many differences in composition, development, and implementation of standards as there are standards.

Independent Sector does not endorse any particular set of standards listed below. This resource is meant to provide examples of the variety and quality of standards that currently exist. Independent Sector does urge all organizations in the nonprofit and philanthropic community to subscribe to and abide by a set of standards that are appropriate to that organization. This is one of the recommendations of the IS statement on ethics and accountability contained in *Obedience to the Unenforceable: Ethics and the Nation’s Voluntary and Philanthropic Community*.
