

G3. ORGANIZATIONAL INTEGRITY

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G3. ORGANIZATIONAL INTEGRITY

G3. The organization promotes the public interest through sound governance and administration, in accordance with applicable legal requirements, principles of effective management, and ethical practice.

Interpretation (G3):

Unless otherwise specified, a for-profit organization should respond to G3 from the perspective of its owners or shareholders. The owners/shareholders are considered to be the organization's governing body. Please pay attention, however, to second and third order standards that direct the for-profit organization to respond from the perspective of its governing body versus its advisory board.

Complete the Questionnaire for Members of Governing Bodies and Advisory Boards.

PURPOSE OF THE ORGANIZATION

G3.1 The organization has a written mission and specified purpose that defines how it supports and enhances the lives of the individuals, families, and groups in its community.

G3.1.01

The organization maintains a written statement of its purpose or mission that is formally reviewed by the governing body at least once every four years in light of changing community conditions.

Interpretation (G3.1.01):

This review is an integral part of the long-term planning process addressed in G2.3.01(b).

Evidence of Compliance (G3.1.01)

ON-SITE
The team will review the minutes of the governing body meeting at which the most recent review took place.

Rating Indicators (G3.1.01)

- 1 The organization fully complies with the standard.
- 2 The organization generally complies with the standard, but practice could be strengthened in some minor way.
- 3 The statement has not been reviewed for several years.
- 4 The organization has no written statement of mission/purpose.

G3.1.02

Primary organizational purposes include the provision of human services.

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Interpretation (G3.1.02):

Note that ancillary organizational purposes, such as generating profits (in the context of for-profit organizations) are in no way discouraged, provided that the primary organizational purpose remains focused on human services. See G2.3.01 for long-term planning requirements regarding the organization's mission.

Evidence of Compliance (G3.1.02)

PRE-SITE
Provide the portion of the organization's articles of incorporation or other document that contains the organization's mission statement or purpose.

Rating Indicators (G3.1.02)

- 1 The organization fully complies with the standard.
- 2 The organization generally complies with the standard, but purpose or mission could be strengthened in some minor way.
- 3 Purpose or mission requires significant strengthening, e.g., human services are a subordinate activity and are not identified as either a major component or a focus of the organization.
- 4 The organization does not comply with the standard, e.g., the organization is clearly motivated by purposes other than the provision of human services.

PUBLIC INVOLVEMENT

G3.2 The organization and its governing body regularly inform the public of its mission and remain informed about community needs and strengths.

Interpretation (G3.2):

The organization has discretion to determine the type of "regular" engagement it has with its community. As a general guideline, the organization should have ongoing mechanisms that occur at least annually to receive feedback from and formally disseminate information to the public in an appropriate context. See G2.2, Stakeholder Participation, G2.9, Feedback Mechanisms, and G9.9, Community Involvement and Collaboration for additional guidance on public involvement.

Evidence of Compliance (G3.2)

PRE-SITE
Provide sections of the organization's charter, constitution, bylaws, or other sources of operating authority and an organizational chart that describe the governing body or advisory board and its relationship to the organization's management.

G3.2.01

The organization conducts an ongoing public education program to:

- a. educate the community about the organization's purpose, function, and role in the community social service system;**
- b. broaden awareness of the strengths, needs, and challenges of the individuals, families, and groups it serves; and**
- c. publicize its role, functions, and capacities to other organizations, governmental bodies, and corporations, as appropriate to its array of services.**

Interpretation (G3.2.01):

This program of public education can be useful as a basis for joint planning efforts, cooperative service delivery, purchase of service agreements, and contracts.

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To comply with G3.2.01, the organization must demonstrate that it has a comprehensive public education program. This effort may use a variety of formal and informal approaches, which may include any of the following: radio spots, public service announcements, press relations, participation in civic and church meetings, public speaking engagements, and distribution of brochures or other written material. The public education program must be ongoing and the organization must annually monitor the effectiveness of approaches used. In addition to public information about the organization's purpose/mission, the organization must disseminate information about the strengths, needs, and other characteristics of its service population. See G2.2, Stakeholder Participation, and G2.9, Feedback Mechanisms for additional guidance on public involvement.

Evidence of Compliance (G3.2.01)

PRE-SITE
Provide a description of the organization's public education program including dissemination of information about its service population and, if available, a copy of its annual report that documents a review of effectiveness of educational efforts.

ON-SITE
The team will review a sample of flyers, posters, and other relevant materials and will interview personnel.

Rating Indicators (G3.2.01)

- 1 The organization fully complies with the standard.
- 2 The organization generally complies with the standard, but practice could be strengthened in some minor way, e.g., the organization has an ongoing program of community education, but it does not cover all programs; or fails to use the full range of available media.
- 3 The public education program requires significant improvement, e.g., public education efforts are informal and infrequent.
- 4 Public education activities are severely limited, sporadic, or non-existent.

G3.2.02

The organization uses community surveys, public hearings, planning groups, task forces, and other mechanisms to:

- a. meaningfully involve community stakeholders in service activities and policy development; and**
- b. inform the governing body and management about problems with service provision, changing community conditions, or other issues of concern.**

Evidence of Compliance (G3.2.02)

PRE-SITE
Provide material that augments the organization's response to G2.2 as it relates to this standard.

ON-SITE
The team will interview community organizations and persons served.

Rating Indicators (G3.2.02)

- 1 The organization fully complies with the standard.
- 2 The organization generally complies with the standard, but practice could be strengthened in some minor way.
- 3 Practice requires significant improvement.
- 4 The organization does not comply with the standard.

G3.2.03

The organization maintains one or more bodies, such as a board of trustees/directors, or advisory board, that are representative of the public or community and regularly advise the organization on its policies, management, planning, finances, use of resources, and service delivery.

Interpretation (G3.2.03):

Most privately held for-profit organizations demonstrate compliance with this standard by establishing an advisory board. Not-for-profit or publicly traded for-profit organizations will often demonstrate compliance through a board of trustees/directors.

(continued on next page)

**Evidence of Compliance (G3.2.03)**

PRE-SITE
Provide relevant sections from bylaws that address the standard.

ON-SITE
The team will interview the chair and one or more representatives of the governing body and advisory board, if applicable. Governing body or advisory board meeting minutes will be reviewed to examine the type of advice the organization seeks.

Rating Indicators (G3.2.03)

- 1 The organization fully complies with the standard.
- 2 The structure of the advisory board or board of trustees/directors generally complies with the standard, but one of the listed functions could be strengthened in some minor way.
- 3 The structure of the organization's advisory board or board of trustees/directors requires improvement in two or more areas.
- 4 The organization does not comply with the standard.

G3.2.04**The governing body and/or advisory board:**

- a. reflects the demographics of the community it serves;
- b. reflects the interests of the community it serves;
- c. serves as the link between the organization and the public or community; and
- d. ensures that the organization's policies and performance uphold the public interest.

Interpretation (G3.2.04):

To meet the intent of the standard, the voluntary board, whether governing body or advisory board, must demonstrate effective representation of community and consumer needs, either through direct representation or another effective alternative, as well as reflect a wide range of skills and abilities and a representative mix of community knowledge, professions, age, race, sex, nationality, and ethnicity. Also, the governing body or advisory board should have persons able to advocate for, give, or obtain needed financial resources. It also must be capable of carrying out its responsibility for financial oversight. The Community Profile described in G2.3.03 guides compliance with this aspect of the standard. It is permissible for personnel or relatives of personnel to be members of the governing body or advisory board, provided that such representation does not undermine the governing body or advisory board's independence and diversity.

Evidence of Compliance (G3.2.04)

PRE-SITE
The team will review the Community Profile.

ON-SITE
The team will interview the chair and one or more representatives of the governing body and advisory boards, as applicable. Team will review governing body or advisory board meeting minutes for all available quarters within the last calendar year.

Rating Indicators (G3.2.04)

- 1 The organization fully complies with the standard.
- 2 The organization generally complies with the standard, but one of the required elements is not fully addressed.
- 3 Two of the required elements are not fully addressed; or one element is not addressed at all.
- 4 Three or more of the required elements are not fully addressed; or two or more of the required elements are not addressed at all.

G3.2.05**The governing body ensures that the organization is sufficiently diverse in strengths and capabilities to plan and deliver appropriate services to its defined community.****Evidence of Compliance (G3.2.05)**

ON-SITE
The team will review governing body orientation material and interview governing body members.

Rating Indicators (G3.2.05)

- 1 The governing body fully complies with the standard.
- 2 The governing body generally complies with the standard, but practice could be strengthened in some minor way.
- 3 The governing body addresses the standard in a cursory or informal manner.
- 4 The governing body does not comply with the standard.



ADVOCACY

G3.3 The organization advocates in partnership with, and on behalf of, persons, groups, and families served, the public or community, and other stakeholders.

Interpretation (G3.3):

The organization can work at several levels to advocate with, and on behalf of, persons, groups, and families served. Direct service personnel routinely advocate with persons and families served to solve problems related to their individual cases. Governing body or advisory board members, management, and other personnel, along with persons served, regularly engage in legislative and other system-wide advocacy activities. They also work collaboratively with other community organizations to monitor federal, state or provincial, and/or local activity that impacts the service population. The standard requires the organization to actively advocate and work for the provision of a full array of community services, and to provide personnel with time to carry out advocacy activity. Advocacy activities comply with the legal and regulatory requirements governing such activities.

G3.3.01

The organization works in an active partnership with persons and families served to:

- a. ensure that they have appropriate advocacy support, either from their own support system or through active case advocacy;**
- b. assist them to gain access to the full array of services to which they are eligible; and**
- c. mediate barriers to services within the service delivery system.**

Interpretation (G3.3.01):

Methods of establishing consumer participation are discussed in greater detail in G2.2.

Evidence of Compliance (G3.3.01)

PRE-SITE
Provide material that describes the organization's advocacy efforts.

ON-SITE
The team will review Consumer Questionnaires and interview persons served and personnel.

Rating Indicators (G3.3.01)

- 1 The organization fully complies with the standard.
- 2 The organization generally complies with the standard, but practice could be strengthened in some minor way.
- 3 Practice requires significant improvement.
- 4 The organization consistently does not comply with the standard.

G3.3.02

The organization's governing body and management collaborate with national and local voluntary organizations, public organizations, and community and ethnic groups to advocate for issues of mutual concern, such as:

- a. improvements to existing services;**
- b. redress for gaps in service;**
- c. the full and appropriate implementation of applicable laws and regulations regarding issues concerning the service population; and**
- d. improved supports and accommodations for persons with special needs.**

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Interpretation (G3.3.02):

Methods of establishing stakeholder participation are discussed in greater detail in G2.2.

Evidence of Compliance (G3.3.02)

PRE-SITE
Provide written material that describes how the organization collaborates with other stakeholders to advocate on mutual concerns.
ON-SITE
The team will interview personnel and members of the governing body.

Rating Indicators (G3.3.02)

- 1 The organization fully complies with the standard.
- 2 The organization generally complies with the standard, but practice could be strengthened in some minor way.
- 3 Practice requires significant improvement.
- 4 Little effort or no effort is made to collaborate with other stakeholders as described in the standard.

LEGAL STRUCTURE AND ACCOUNTABILITY

G3.4 The organization maintains written evidence of the source of its operating authority.

G3.4.01

The organization is legally authorized to operate as one of the following:

- a. a not-for-profit organization with its own governing body that is incorporated in the state or province in which it operates or is headquartered, and has a duly promulgated charter, constitution, and/or bylaws; or
- b. a not-for-profit organization that is organized as an identified sub-unit of a religious body which has legal status, or is an identified sub-unit of another legal entity recognized under state or provincial law; or
- c. a for-profit organization that is organized as a corporation, partnership, sole proprietorship, or association, and has a duly promulgated charter, partnership agreement, articles of association, constitution, and/or bylaws.

Evidence of Compliance (G3.4.01)

PRE-SITE
Provide documents of incorporation, partnership, or association or other documents authorizing the organization to operate.

Rating Indicators (G3.4.01)

- 1 The organization fully complies with the standard.
- 2 The organization has the requisite legal documentation, but materials are inconsistent with recent, minor changes in purpose, program, and/or populations served; or the documents otherwise need strengthening in some minor way; or the organization which is a sub-unit of another entity has documentary or written assurance that the parent organization assumes legal responsibility, but may need to seek clarification or more effective lines of communication between parent and sub-unit.
- 3 Legal authorization is out-of-date or in need of change; or the organization has neglected to seek needed change; lines of accountability and legal responsibility

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	<p>between a sub-unit and parent organization are unclear; constitution, bylaws, or another legally effective document is not present.</p> <p>4 The organization is not legally authorized to operate as evidenced by missing legally effective documents.</p>
<p>G3.4.02</p> <p>The not-for-profit organization has a provision in its charter, constitution, bylaws, or other legally effective document stating that disposition of assets upon dissolution of the corporation shall be in keeping with the organization’s purpose and shall comply with applicable legal requirements.</p>	
<p>Evidence of Compliance (G3.4.02)</p> <p>PRE-SITE Provide the section of the charter or constitution containing the dissolution clause.</p>	<p>Rating Indicators (G3.4.02)</p> <p>1 The organization fully complies with the standard.</p> <p>2 The organization generally complies with the standard, but organizational practice or the provision in the document could be strengthened in some minor way, e.g., dissolution/asset distribution is in general keeping with the organization’s mission, but it is addressed in slightly general terms.</p> <p>3 Organizational practice or the provision in the document require significant improvement, e.g., although the charter or constitution or other legally effective document contains an applicable provision, disposition of assets is too general and/or is not consistent with the purposes of the organization.</p> <p>4 There is no dissolution statement concerning disposition of assets upon distribution.</p> <p>NA The organization is a for-profit organization.</p>

ORGANIZATION OF THE GOVERNING BODY

G3.5 The governing body exercises leadership through an effective and functional structure.

Interpretation (G3.5):

Please note that a board of trustees/directors acts as the governing body or “owners” of a not-for-profit organization. In a for-profit organization the governing body or “owners” are the organization’s shareholders. Please apply the appropriate perspective when completing G3.5 and G3.6.

G3.5.01

The non-profit organization’s charter, bylaws, constitution, or similar written document is reviewed every four years and establishes:

- a. the organization’s structure, size, and the responsibilities of the governing body, as appropriate;**
- b. the minimum number of governing body meetings and their quorum;**

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**c. the body to which the governing body and/or advisory board delegates interim authority; and
d. a process for assessing and implementing responsibilities, such as establishing task forces/committees and respective responsibilities and composition.**

Evidence of Compliance (G3.5.01)

PRE-SITE
Provide the appropriate sections of the constitution, bylaws, or other legally effective documents regarding the structure of the governing body.

Rating Indicators (G3.5.01)

- 1 The organization fully complies with the standard.
 - 2 One of the required elements is not fully addressed, but the organization has taken steps to strengthen practice.
 - 3 One of the required elements is not fully addressed, and the organization has not taken steps to strengthen practice.
 - 4 There is an inadequate structure for the governing body's organization and functioning as described in official documents; or there is a failure to implement the prescribed structure and process adequately.
- NA The organization is a for-profit organization.

G3.5.02

**The documents described in G3.5.01 also set forth:
a. eligibility requirements for governing body membership;
b. mechanisms for recruitment, selection, rotation, and duration of governing body membership; and
c. the mechanisms for election of officers and duration of terms.**

Evidence of Compliance (G3.5.02)

PRE-SITE
Provide the appropriate section of the constitution, bylaws, or other documents regarding the structure of the governing body.

Rating Indicators (G3.5.02)

- 1 The organization fully complies with the standard.
 - 2 One of the elements of the standard is not fully addressed, but the organization has taken steps to address the deficiency.
 - 3 One of the elements of the standard is not fully addressed, and the organization has not taken steps to address the deficiency.
 - 4 Two or more elements of the standard are not addressed.
- NA The organization is a for-profit organization.

G3.5.03

The for-profit organization has a legally effective document, such as a partnership agreement, articles of incorporation, or bylaws, that sets forth its structure, size, purpose, and manner of conducting business.

Evidence of Compliance (G3.5.03)

PRE-SITE
Provide the appropriate sections of the partnership agreement, bylaws, or other documents regarding the structure of the governing body.

Rating Indicators (G3.5.03)

- 1 The organization fully complies with the standard.
- 2 The organization generally complies with the standard, but the legally effective document could be strengthened in some minor way; however, it is sufficient to provide an effective governing structure and process.

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- 3 Practice requires significant improvement, e.g., the required elements of the document are addressed in a cursory fashion.
 - 4 As described in official documents, the governing body's functioning is inadequately structured; or there is a failure to implement the prescribed structure and process adequately.
- NA The organization is a not-for-profit organization.

G3.5.04

The governing body is sufficient in size and structure to:

- a. engage in long-term planning;**
- b. develop and adopt policy;**
- c. develop resources;**
- d. provide financial oversight; and**
- e. enhance and promote community-organization relationships.**

Interpretation (G3.5.04):

A large organization is likely to have an elaborate committee or task force structure to accomplish these goals, whereas a small organization may not require such a framework. As long as the organization can demonstrate that the governing body carries out its responsibilities effectively and thoroughly through regular meetings and clear responsibilities compliance will be achieved.

Evidence of Compliance (G3.5.04)

PRE-SITE
Provide a list of standing committees and/or task forces providing oversight of these governing body functions. If more than ten such task forces exist, list only those that address issues of highest priority, such as those listed in the standard.

ON-SITE
The team will interview members of the governing body.

Rating Indicators (G3.5.04)

- 1 The organization fully complies with the standard.
 - 2 The organization generally complies with the standard, but one of the required elements is not fully addressed.
 - 3 Two of the required elements are not fully addressed; or one element is not addressed at all.
 - 4 Three or more of the required elements are not fully addressed; or two or more elements are not addressed at all.
- NA The organization is a privately held for-profit organization.

G3.5.05

All members of the organization's governing body:

- a. receive an orientation to the governing body and to the responsibilities of membership;**
- b. receive a manual with current, relevant organizational material that specifies their fiduciary and other responsibilities to the organization;**
- c. receive a formal orientation to the organization's mission, history, goals, objectives, structure, methods of operation, and introductions to key staff; and**
- d. are familiarized with the activities of the organization through a visit to the organization.**

Interpretation (G3.5.05):

"Relevant organizational materials" noted in (b) include, but are not limited to, bylaws, mission statement, and relevant policies and procedures. Note that privately held, for-profit organizations may not need to formally conduct the activities listed if governing body members are actively running the organization.

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**Evidence of Compliance (G3.5.05)**

ON-SITE

The team will review a copy of the governing body manual and outlines, agendas, and dates of governing body orientation sessions and will interview governing body members.

Rating Indicators (G3.5.05)

- 1 The organization fully complies with the standard.
 - 2 The organization generally complies with the standard, but one of the required elements is not fully addressed.
 - 3 Two of the required elements are not fully addressed; or one element is not addressed at all.
 - 4 Three or more of the required elements are not fully addressed; or two or more elements are not addressed at all.
- NA The organization is a privately held for-profit organization.

G3.5.06

Individuals on the organization’s governing body or advisory board possess two or more of the following qualities, and the complete governing body or advisory board reflects all of the following qualities:

- a. knowledge of the communities served;
- b. skills and experience in developing policy;
- c. leadership ability;
- d. public recognition and respect; and
- e. commitment and ability to fund-raise or to connect the organization with other resources.

Interpretation (G3.5.06):

The standard requires the governing body or advisory board to collectively represent all of the above qualities. Concentration in specific areas rather than a diversified set will result in partial compliance or noncompliance. Demographic data should be collected within the limits of applicable law.

Evidence of Compliance (G3.5.06)

PRE-SITE

Provide a profile of the governing body with respect to the requirements of the standard. If the organization’s governing body consists of owners/shareholders rather than volunteers, include in the answer a separate set of data for both the governing body and advisory boards.

ON-SITE

The team will interview governing body or advisory board members.

Rating Indicators (G3.5.06)

- 1 The organization fully complies with the standard.
- 2 The governing body or advisory board as a whole is representative of a variety of skills, knowledge, and interest, but is weak in one or two specialized areas. Most governing body or advisory board members possess two or more of the referenced qualities.
- 3 The governing body or advisory board as a whole is weak in three or four specialized areas; or several of the governing body or advisory board members possess only one of the referenced qualities.
- 4 The governing body or advisory board as a whole lacks five or more of the skills and talents which could enable it to provide the effective governance and leadership to carry out organization objectives; or there is no individual who is able to provide information about and insight into the needs of the client community.



G3.5.07

The governing body and/or advisory board maintains up-to-date minutes and records generated from all meetings.

Interpretation (G3.5.07):

In organizations with both a governing body and an advisory board, gaps or lapses in advisory board records will not jeopardize the organization's compliance.

Evidence of Compliance (G3.5.07)

ON-SITE
The team will review the minutes and records from the last three meetings.

Rating Indicators (G3.5.07)

- 1 The organization fully complies with the standard.
- 2 The minutes of the governing body are in compliance, with only minor problems, such as a need for more detail.
- 3 Recording of minutes is incomplete as there are gaps or omissions; or minutes are not up-to-date.
- 4 Records of the actions taken at governing body/advisory board meetings are inadequate or nonexistent.

GOVERNING BODY POLICY AND OVERSIGHT RESPONSIBILITIES*

G3.6 The governing body is responsible for adopting policies, guiding organizational development, overseeing financial management, and ensuring the organization's accountability to the public.

G3.6.01

The governing body assumes the following responsibilities:

- a. setting the organization's long-term direction;**
- b. planning for the organization's future; and**
- c. participating in the planning and quality improvement processes described in G2.**

Interpretation for organizations that use a "policy governance model" (e.g., the model developed by John Carver):

It is permissible for organizations that use a policy governance model to demonstrate that the governing body has developed the organization's broad vision for the organization and has provided oversight to the operational planning activities conducted by management. It is not necessary that the governing body conduct these planning activities itself.

Evidence of Compliance (G3.6.01)

ON-SITE
The team will interview members of the governing body and review minutes of governing body meetings where it ratified the organization's long-term plan. See G2.3 for long-term planning requirements.

Rating Indicators (G3.6.01)

- 1 The governing body complies with the standard.
- 2 One of the required elements is not fully addressed, but the organization has taken steps to strengthen practice.
- 3 One of the required elements is not fully addressed, and the organization has not taken steps to strengthen practice.

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4 Two or more of the required elements are not fully addressed; or one or more of the elements are not addressed at all.

G3.6.02

In fulfilling its oversight responsibilities, the governing body:

- a. oversees the organization’s operations and services;**
- b. defines outcomes and goals it expects the organization to achieve;**
- c. ensures that all planned or provided services are consistent with the organization’s mission and long-term plan; and**
- d. determines whether services are within the organization’s capabilities and resources.**

Interpretation (G3.6.02):

The governing body’s effectiveness in these oversight responsibilities is directly linked to the organization’s continuous quality improvement processes and long-term planning described in G2.1 and G2.3.

Evidence of Compliance (G3.6.02)

PRE-SITE
Provide procedures on governing body oversight responsibilities.
ON-SITE
The team will interview governing body members and review minutes that document compliance with this standard.

Rating Indicators (G3.6.02)

- 1 The governing body complies with the standard.
- 2 One of the required elements is not fully addressed, but the organization has taken steps to strengthen practice.
- 3 One of the required elements is not fully addressed, and the organization has not taken steps to strengthen practice, e.g., the governing body does not consistently assume responsibility as per the requirements of the standard; and/or many decisions are inappropriately left to personnel without oversight from the governing body.
- 4 The organization does not comply with the standard.

G3.6.03

The governing body assumes responsibility for policy development and maintenance by:

- a. adopting policies;**
- b. reviewing policies at specified intervals and whenever legal requirements or regulations change; and**
- c. approving any changes to policies resulting from recommendations or negotiation with a recognized collective bargaining unit.**

Interpretation (G3.6.03):

An organization that follows a policy governance model may not typically develop, ratify, and maintain statements known as “policies.” However, statements that are distillations of organizational principles, philosophies, practice, or “ends” may be considered policies for the purposes of this standard.

The standard requires that the governing body actively exercise its policy-setting prerogative, i.e., policies are periodically reviewed as a whole and specific policy matters regularly receive governing body attention. The governing body must view policy as the governing body’s major means of providing a framework and guidance for the organization’s overall direction.

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<p>Evidence of Compliance (G3.6.03)</p> <p>PRE-SITE Provide relevant sections of the articles of incorporation, constitution, or bylaws regarding the responsibilities of the governing body.</p> <p>ON-SITE The team will interview governing body members and review minutes for documentation of policy decisions.</p>	<p>Rating Indicators (G3.6.03)</p> <ol style="list-style-type: none"> 1 The governing body fully complies with the standard. 2 The governing body generally complies with the standard, but practice could be strengthened in some minor way, e.g., the governing body establishes organizational policy and understands its role in providing guidance, but does not engage in a periodic, systematic review of existing policy. 3 The governing body is inactive in establishing or reviewing policy; or no recent policy review has occurred; or the governing body has periodically failed to act in one of the areas listed. 4 The governing body consistently fails to act as specified in one of the areas listed; or actions in all three areas are not given adequate attention on an ongoing basis.
<p>G3.6.04</p> <p>The organization maintains a comprehensive policies and procedures manual that includes governing body-approved policy statements.</p>	
<p>Evidence of Compliance (G3.6.04)</p> <p>ON-SITE The team will review the policies and procedures manual.</p>	<p>Rating Indicators (G3.6.04)</p> <ol style="list-style-type: none"> 1 The organization fully complies with the standard. 2 The organization has a policies and procedures manual, but an isolated number of integrated policies are missing, and the organization has taken remedial steps. 3 The organization has a policies and procedures manual that is missing key policies, and it has not taken steps to remedy the omission; or the manual is not comprehensive. 4 The organization's policies and procedures manual is seriously deficient or non-existent.

GOVERNING BODY RESPONSIBILITIES RELATED TO THE CHIEF EXECUTIVE OFFICER*

G3.7 The not-for-profit and publicly held for-profit organization's governing body effectively monitors and evaluates the chief executive officer.

NA The organization is a privately held for-profit organization.



G3.7.01

The not-for-profit and publicly held for-profit organization's governing body:

- a. appoints and orients the chief executive officer;**
- b. delegates in writing authority and responsibility for organizational management and policy implementation to the chief executive officer;**
- c. ensures that written policies and procedures guide the chief executive officer in carrying out his/her responsibilities;**
- d. oversees the chief executive officer; and**
- e. evaluates management's implementation of policies at regular intervals.**

Evidence of Compliance (G3.7.01)

PRE-SITE

Provide sections of policy and procedures and/or organization bylaws, constitution, or other documents regarding appointment, authority, responsibility, and accountability of the chief executive officer.

ON-SITE

The team will interview the chief executive officer and members of the governing body.

Rating Indicators (G3.7.01)

- 1 The governing body fully complies with the standard.
- 2 A chief executive officer is appointed by the governing body and authority is delegated in writing, but there is minor confusion or overlap as to the relative roles of the governing body and the chief executive officer.
- 3 Practice requires significant improvement, e.g., the governing body appoints a chief executive officer but fails to delegate authority in writing.
- 4 The governing body does not effectively hold the chief executive officer accountable for the organization's performance; or the governing body does not delegate authority and responsibility for policy implementation to the chief executive officer.

G3.7.02

The not-for-profit and publicly-held for-profit organization's governing body or its designated authority:

- a. evaluates the chief executive officer's performance in writing at least annually against established performance criteria that are linked to the organization's long-term plan; and**
- b. ensures that the chief executive officer participates in the evaluation process and reviews, signs, and responds to the evaluation before it is entered into his/her record.**

Evidence of Compliance (G3.7.02)

PRE-SITE

The team will review relevant policies and procedures and/or other documents provided for G3.7.01.

ON-SITE

The team will interview the chief executive officer and members of the governing body.

Rating Indicators (G3.7.02)

- 1 The governing body fully complies with the standard.
- 2 The governing body provides at least a biennial evaluation in writing, using established criteria and objectives to which the chief executive has had prior access, and focuses the evaluation on accountability for the organization's performance. The executive signs evaluations. Any weakness in the process is of a minor nature, e.g., there are minor limitations of the review and opportunities for the executive to participate in the process.
- 3 The evaluation does not use specific performance criteria; or the chief executive is not involved in the process and does not sign the evaluations; or it has been three years since the last evaluation; or the evaluation is not written.
- 4 There is no formal evaluation process; or the governing body does not effectively hold the chief executive officer accountable for the organization's performance.



G3.7.03

Every two years, the not-for-profit and publicly held for-profit organization's governing body evaluates itself and the effectiveness of its partnership with the chief executive officer in fulfilling the organization's mission using written criteria developed by the chief executive officer and governing body.

Evidence of Compliance (G3.7.03)

PRE-SITE
Provide evaluation criteria.
ON-SITE
For organizations seeking reaccreditation, the team will review previous evaluations. For new applicants, the team may review the criteria, if already established, and/or the procedure for the conducting the evaluation in the future.

Rating Indicators (G3.7.03)

- 1 The organization fully complies with the standard.
- 2 The organization generally complies with the standard, but the criteria have not been formally established (e.g., are mutually understood but not written), are not jointly agreed to, or the evaluation occurs every three years and is documented.
- 3 The evaluation is conducted only informally and is not documented or occurs less than every three years.
- 4 No evaluation is completed.

G3.7.04

The not-for-profit governing body reviews the fairness of chief executive officer compensation and benefits on an annual basis in relationship to industry practices and federal requirements.

Evidence of Compliance (G3.7.04)

ON-SITE
The team will review the governing body's analysis of the chief executive officer's compensation.

Rating Indicators (G3.7.04)

- 1 The governing body fully complies with the standard.
 - 2 The governing body annually reviews the chief executive officer's compensation, but could improve the quality of its analysis with industry practice and/or federal requirements.
 - 3 The governing body reviews the chief executive officer's compensation less than annually or conducts only a cursory analysis.
 - 4 The governing body does not review chief executive officer's compensation.
- NA The organization is a publicly held for-profit organization or is a Canadian organization.

G3.7.05

In the absence of the chief executive officer, the organization's governing body or its designated authority:

- a. has a written plan for delegating authority;
- b. designates an interim chief executive officer, if necessary;
- c. charges a committee with responsibility for transition planning, identifying qualified candidates, and conducting a formal search, where necessary; and
- d. provides the resources needed to carry out the search effectively.

(continued on next page)



<p>Evidence of Compliance (G3.7.05)</p> <p>PRE-SITE Provide the section of the organization's bylaws and/or policy and procedures regarding replacement of the chief executive officer and delegation of authority in the absence of the chief executive officer.</p> <p>ON-SITE The team will interview members of the governing body.</p>	<p>Rating Indicators (G3.7.05)</p> <ol style="list-style-type: none"> 1 The governing body fully complies with the standard. 2 One of the required elements is not fully addressed, e.g., there may have been a slight delay in appointment of the search committee and lack of clarity about the resources available to conduct the search. 3 Two of the required elements are not fully addressed; or one element is not addressed at all. 4 Three or more of the required elements are not fully addressed; or two or more elements are not addressed at all.
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GOVERNING BODY RISK MANAGEMENT RESPONSIBILITIES*

G3.8 The governing body is responsible for monitoring risks that may expose the organization to liability and that may reveal unsatisfactory service.

<p>G3.8.01</p> <p>The organization reports to the governing body or its designated authority on the nature of risks and actions taken to address them.</p>	
<p>Evidence of Compliance (G3.8.01)</p> <p>PRE-SITE Provide management procedures and other related material about risk management practices.</p> <p>ON-SITE The team will review the governing body minutes regarding actions taken relative to risk management.</p>	<p>Rating Indicators (G3.8.01)</p> <ol style="list-style-type: none"> 1 The organization fully complies with the required elements of the standard. 2 One of the required elements is not fully addressed, but the organization has taken steps to strengthen practice. 3 One of the required elements is not fully addressed, and the organization has not taken steps to strengthen practice. 4 Both of the required elements are not fully addressed; or one element is not addressed at all.
<p>G3.8.02</p> <p>The governing body reviews patterns of complaints and grievances filed by persons served and addresses specific problematic or unresolved issues that may expose the organization to liability.</p>	
<p>Evidence of Compliance (G3.8.02)</p> <p>ON-SITE The team will review relevant governing body or committee minutes and records of grievances and will interview governing body members and/or senior management.</p>	<p>Rating Indicators (G3.8.02)</p> <ol style="list-style-type: none"> 1 The organization fully complies with the standard.

(continued on next page)



	<p>2 The organization generally complies with the standard, but practice could be strengthened in some minor way, e.g., the governing body reviews the pattern of grievances of persons served and specific problematic/unresolved issues less often than necessary to reduce liability risks.</p> <p>3 Practice requires significant improvement, e.g., patterns of grievances are seldom reviewed; and/or problematic/unresolved issues are not discussed; and/or confidentiality is not carefully protected.</p> <p>4 The organization does not comply with the standard.</p> <p>NA The organization has not had grievances or complaints lodged by persons served during the past year.</p>
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G3.8.03

The governing body ensures that the organization complies with all laws related to fiscal accountability and governance.

Evidence of Compliance (G3.8.03)	Rating Indicators (G3.8.03)
<p>PRE-SITE Provide description of mechanisms the organization uses to ensure compliance with laws related to fiscal accountability and governance.</p> <p>ON-SITE The team will interview governing body members regarding state- or province-specific reporting requirements for review of bylaws, registration of incorporators, and other issues. The team will review tax forms.</p>	<p>1 The governing body fully complies with the standard.</p> <p>2 The governing body complies with applicable laws, but could be more proactive in ensuring compliance.</p> <p>3 The governing body has not addressed compliance issues in at least one instance.</p> <p>4 The governing body does not routinely address legal compliance issues.</p>

FINANCIAL DUTIES OF THE GOVERNING BODY*

G3.9 The governing body conducts all financial duties related to its fiduciary role with integrity.

G3.9.01

The governing body or its designated authority:

- a. establishes resource development targets and goals; and**
- b. ensures adequate resources to support the organization’s services.**

Interpretation (G3.9.01):

All organizations are required to establish resource development targets and goals. COA does not require organizations to fund-raise. However, fund-raising is a vital means to achieve a flexible revenue base and is a traditional role assumed by not-for-profit governing bodies. Those that fund-raise will be evaluated under section G3.12.

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<p>Evidence of Compliance (G3.9.01)</p> <p>PRE-SITE Provide selections from governing body minutes or documentation that documents compliance with this standard.</p>	<p>Rating Indicators (G3.9.01)</p> <ol style="list-style-type: none"> 1 The governing body fully complies with the standard. 2 The governing body seeks resources and identifies targets, but could strengthen or diversify its related activities. 3 The governing body is not proactive in resource development, or is too dependent on the chief executive officer in this area. 4 The organization's programs and quality of services are affected by the governing body's lack of action in the resource development area.
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G3.9.02

The organization's governing body or designated committee:

- a. approves the organization's annual budget;**
- b. reviews fiscal summaries at least quarterly to examine the relationship of budget to expenditures and revenues;**
- c. examines fiscal policy and the recommendations of the organization's auditors; and**
- d. annually evaluates the chief executive officer's management of the organization's fiscal affairs.**

<p>Evidence of Compliance (G3.9.02)</p> <p>PRE-SITE Provide sections of the organization's bylaws, constitution, or other documents regarding the governing body's fiscal responsibilities.</p> <p>ON-SITE The team will review the minutes of the appropriate financial task force/committee meetings and will interview the chairperson of the financial oversight task force/committee.</p>	<p>Rating Indicators (G3.9.02)</p> <ol style="list-style-type: none"> 1 The governing body fully complies with the standard. 2 The governing body and/or a designated committee carries out the responsibilities identified in the standard, but one of the required elements is not fully addressed. 3 Two of the required elements are not fully addressed; or one is not addressed at all. 4 Three or more of the required elements are not fully addressed; or two or more elements are not addressed at all. <p>NA The organization is a privately held for-profit organization.</p>
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CHIEF EXECUTIVE OFFICER**

G3.10 The chief executive officer manages and oversees the organization's daily operations.

<p>Evidence of Compliance (G3.10)</p> <p>PRE-SITE Provide the chief executive officer's job description.</p>



G3.10.01

The chief executive officer:

- a. plans and coordinates the development of policies governing the organization’s program of services with the governing body or designated authority; and**
- b. attends or is represented by a designee at all meetings of the governing body and advisory board, with the possible exception of those held for the purpose of reviewing the executive’s performance, status, or compensation.**

Interpretation (G3.10.01):

The chief executive officer involves, consults, and gives leadership to the governing body and/or advisory board in the planning, policy, and decision-making processes. The chief executive officer and governing body work as an effective team with information, coordination, staffing, and assistance provided by the executive to support the governing body in its policy making and oversight functions.

Evidence of Compliance (G3.10.01)

PRE-SITE
The team will review the evidence that is provided for G3.10.

ON-SITE
The team will interview governing body or advisory board members and the chief executive officer.

Rating Indicators (G3.10.01)

- 1 The organization fully complies with the standard.
- 2 The organization generally complies with the standard, but practice could be strengthened in some minor way, e.g., minor communication problems exist or the chief executive officer does not attend or have representation at 100 percent of meetings.
- 3 The chief executive officer’s partnership with the governing body requires significant improvement, e.g., the chief executive officer controls information the governing body receives to such an extent that the governing body lacks the data needed to make informed decisions regarding policy; or the executive has the right to attend but does not attend or provide staff support for many meetings.
- 4 The chief executive officer does not act in partnership with the governing body, e.g., the governing body is asked only to ratify decisions or is told of decisions after the fact, or the executive is excluded by governing body action from most committee activity.

G3.10.02

The chief executive officer provides written, comprehensive reports to the governing body according to a mutually agreed upon schedule regarding:

- a. the operation of present programs and their compliance with organizational policy;**
- b. the implementation and annual review of long-term plans; and**
- c. any other issues related to the organization’s achievement of its mission.**

Interpretation (G3.10.02):

Such reports must be provided on at least an annual basis. Reports must be responsive to the governing body’s need for information upon which to base decisions about short-term financial and budgetary matters and to plan for the near term. These reports are directly related to the organization’s annual continuous quality improvement document described in G2.1.02, the risk management reviews described in G2.5.02(a) and the outcomes report described in G2.7.03. Because the reports convey findings from the organization’s continuous quality improvement process, they may satisfy aspects of G2.9 depending on their level of comprehensiveness.

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Evidence of Compliance (G3.10.02)

PRE-SITE

The team will review the evidence that is provided for G3.10.

ON-SITE

The team will interview representatives of the governing body and review one or more of the most recent reports.

Rating Indicators (G3.10.02)

- 1 The organization fully complies with the standard.
 - 2 One element of the standard is not fully addressed, e.g., the chief executive officer reports annually on finances, but could improve the depth of the report.
 - 3 Two of the elements of the standard are not fully addressed; or one element is not addressed at all, e.g., the chief executive officer provides a verbal presentation that is documented in minutes; or reports are provided on an ad hoc basis only.
 - 4 Three of the elements of the standard are not fully addressed; or two or more elements are not addressed at all.
- NA The organization is a privately held for-profit organization.

G3.10.03

According to a mutually agreed upon schedule, the chief executive officer provides written, comprehensive reports on the organization's finances to the governing body that address:

- a. present financial status and anticipated problems, as required by organizational policy; and**
- b. financial planning and funding alternatives.**

Evidence of Compliance (G3.10.03)

PRE-SITE

The team will review the evidence that is provided for G3.10.

ON-SITE

The team will interview representatives of the governing body and review one or more of the most recent reports.

Rating Indicators (G3.10.03)

- 1 The organization fully complies with the standard.
 - 2 One of the required elements is not fully addressed, e.g., the chief executive officer reports annually on finances, but could improve the depth of the report.
 - 3 One of the required elements is not fully addressed, and the organization has not taken steps to strengthen practice.
 - 4 Neither of the required elements is fully addressed; or one both of the elements are not addressed at all, e.g., the chief executive officer provides a verbal presentation that is documented in minutes or reports are provided on an ad hoc basis only.
- NA The organization is a privately held for-profit organization.

G3.10.04

The chief executive officer's primary responsibility is management of the organization and s/he:

- a. obtains governing body approval for employment activities outside of the organization; and**
- b. assumes no duties that are unrelated to and/or interfere with her/his administrative responsibilities.**

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<p>Evidence of Compliance (G3.10.04)</p> <p>PRE-SITE The team will review the evidence that is provided for G3.10.</p> <p>ON-SITE The team will interview governing body members and the chief executive officer.</p>	<p>Rating Indicators (G3.10.04)</p> <ol style="list-style-type: none"> 1 The organization fully complies with the standard. 2 The organization generally complies with the standard, but practice could be strengthened in some minor way, e.g., brief periods of overlap of unrelated duties may occur. 3 Non-managerial assignments require the chief executive officer to be away from the organization or involved in direct service for significant amounts of time, resulting in lapses of management accountability in several cases; or the chief executive officer has not received governing body approval for unrelated external business activities. 4 The chief executive officer carries non-managerial duties (such as a heavy caseload or outside consulting) that lead to inappropriate delegation of responsibilities to subordinates or delays in resolution of organizational objectives; or the chief executive officer regularly assumes unrelated external business activities without approval.
<p>G3.10.05</p> <p>The chief executive officer ensures that human resources management complies with federal and state or provincial employment law.</p>	
<p>Evidence of Compliance (G3.10.05)</p> <p>PRE-SITE Provide a description of the organization's efforts to comply with federal and state or provincial employment laws, including the mechanisms the organization uses to ensure compliance. The team will review the evidence that is provided for G3.10.</p> <p>ON-SITE The team will interview the chief executive officer.</p>	<p>Rating Indicators (G3.10.05)</p> <ol style="list-style-type: none"> 1 The organization fully complies with the standard. 2 The chief executive officer assumes overall administrative responsibility in human resources management, but practice could be strengthened in some minor way. 3 Practice requires significant improvement. 4 The governing body interferes with human resources management by the chief executive officer and compromises his or her authority; or the chief executive officer does not assume responsibility for human resources management.

CONFLICTS OF INTEREST*

G3.11 The organization adheres to high standards of ethical conduct in governance and operations to ensure that governing body members, personnel, and/or consultants do not have or give the appearance of conflicts of interest and do not use their relationship with the organization for personal gain.



G3.11.01

Personnel, governing body, and/or advisory board members and consultants follow a conflict of interest policy that enumerates conflict of interest situations and provides a framework for evaluating situations that may be considered a conflict and the appropriate protocols for disclosure of conflicts, as necessary.

Interpretation (G3.11.01):

The conflict of interest policy should ensure that governing body or advisory board members who are either personnel or relatives of personnel recuse themselves on matters where their objectivity would be compromised, e.g., promotions, salaries, specific benefit packages, etc. The standard does not require, however, that the list of conflict situations be exhaustive, but that such a policy should provide a framework for determining when a situation would constitute a conflict.

Evidence of Compliance (G3.11.01)

PRE-SITE
Provide the conflict of interest policy.

Rating Indicators (G3.11.01)

- 1 The organization fully complies with the standard.
- 2 Policy addresses the standard, but policy or practice could be strengthened in some minor way.
- 3 Neither policy nor practice addresses the standard's elements, or are too vague to effectively guide practice.
- 4 The governing body does not have a conflict of interest policy; or practice consistently does not follow the policy.

G3.11.02

All governing body members comply with governing body policies on conflict of interest, accountability, and delegation of authority.

Evidence of Compliance (G3.11.02)

PRE-SITE
Provide policies regarding conflict of interest, accountability, and delegation of authority.
ON-SITE
The team will interview governing body members regarding compliance with the standard.

Rating Indicators (G3.11.02)

- 1 The governing body fully complies with the standard.
- 2 The governing body generally complies with the standard, but practice or policy could be strengthened in some minor way.
- 3 In a number of cases, compliance with policy is not evident; or the policy is too vague to effectively guide practice.
- 4 The organization does not comply with the standard, e.g., the organization has no policy, or the organization has a pattern of unresolved or unauthorized conflicts.

G3.11.03

Written policy prohibits the not-for-profit's personnel and paid consultants from having direct or indirect financial interest in the organization's:

- a. assets;
- b. leases;
- c. business transactions; and
- d. professional services.

Evidence of Compliance (G3.11.03)

PRE-SITE
Provide policies on conflict of interest for personnel and consultants.

Rating Indicators (G3.11.03)

- 1 The organization fully complies with the standard.

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<p>ON-SITE The team will interview members of the governing body or advisory board and review financial records and minutes.</p>	<p>2 There is no evidence of inappropriate financial interest, but because the organization has not fully addressed all policy issues, there is a possibility of improper financial interests because of lack of safeguards.</p> <p>3 Written policy is too vague to effectively guide organizational practice.</p> <p>4 One or more personnel or consultants have some financial interest in the organization's assets, leases, business transactions, or professional services; or there is no policy prohibiting such financial interests.</p> <p>NA The organization is a for-profit organization.</p>
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G3.11.04

In not-for-profit organizations, written policy mandates that members of the governing body who are involved individually, or as part of a business or professional firm, in the organization's business transactions or current professional services disclose this relationship and do not participate in any vote taken with respect to such transactions or services.

<p>Evidence of Compliance (G3.11.04)</p> <p>PRE-SITE The team will review policies on conflict of interest for the governing body that are provided for G3.11.01.</p>	<p>Rating Indicators (G3.11.04)</p> <p>1 The governing body fully complies with the standard.</p> <p>2 There is written policy but it lacks comprehensiveness or clarity.</p> <p>3 Written guidelines are too vague to effectively guide organizational practice.</p> <p>4 There is no written policy; or there is evidence that conflict of interest has occurred.</p> <p>NA The organization is a for-profit organization.</p>
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G3.11.05

In not-for-profit organizations, written policy prohibits preferential treatment of members of the governing body, advisory boards, personnel, or consultants in applying for and receiving the organization's services.

<p>Evidence of Compliance (G3.11.05)</p> <p>PRE-SITE Provide the policy regarding prohibition of preferential treatment.</p> <p>ON-SITE The team will interview governing body members, personnel, and/or consultants as needed.</p>	<p>Rating Indicators (G3.11.05)</p> <p>1 The organization fully complies with the standard.</p> <p>2 The organization, in practice, does not give preferential treatment and this expectation is well understood, but written policy is in development or is limited or superficial in regard to this issue.</p> <p>3 Although written policy prohibits preferential treatment, such incidents have occurred on occasion in the past few years.</p> <p>4 There is no written policy; or preferential treatment occurs frequently.</p> <p>NA The organization is a for-profit organization.</p>
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G3.11.06

Governing body members do not accept honoraria from the organization except where permitted by law or the organization's bylaws.

Interpretation (G3.11.06):

Reimbursement for out-of-pocket expenses is not considered an honorarium.

Evidence of Compliance (G3.11.06)

PRE-SITE
Provide the policy or procedure related to the standard.
ON-SITE
The team will interview business office personnel and one or more members of the governing body or advisory board.

Rating Indicators (G3.11.06)

- 1 The organization fully complies with the standard.
 - 2 The organization generally complies with the standard, but policy or procedures could be strengthened in some minor way.
 - 3 Policies or procedures require significant improvement.
 - 4 Even though prohibited by law, policies or procedures allow/sanction payment of honoraria; or the organization has paid honoraria to governing body members.
- NA The organization is a for-profit organization.

G3.11.07

Dividends or other distributions made by a for-profit organization are reasonable in relation to the responsibility that the organization has assumed for service delivery.

Evidence of Compliance (G3.11.07)

PRE-SITE
Provide policies and procedures for distribution of organizational assets.
ON-SITE
The team will interview the chief financial officer and review financial records and minutes.

Rating Indicators (G3.11.07)

- 1 The organization fully complies with the standard.
 - 2 The organization has an adequate, but informal, practice for justifying dividends or other distributions in light of operations and other service delivery obligations.
 - 3 The organization does not evaluate dividends or distribution in light of operations and service delivery obligations.
 - 4 The organization's dividends and distributions are disproportionate in light of these considerations.
- NA The organization is not-for-profit; or it is a for-profit organization that does not have distributions or profit sharing.

ETHICAL FUND-RAISING PRACTICES

G3.12 An organization that seeks to raise funds by individual solicitation from the general public conducts fund-raising activities in an ethical and fiscally responsible manner.



Interpretation (G3.12):

This section is applicable to those organizations that conduct fund-raising through solicitation or receipt of money from private individuals. This often occurs through means such as capital campaigns, contribution plans, and United Way appeals. This section is not applicable to organizations that apply for and/or receive private or public grants and contracts.

NA The organization does not fund-raise.

Evidence of Compliance (G3.12)

PRE-SITE
Provide policies and procedures regarding the organization's fund-raising practices.

G3.12.01

The organization's governing body and its management establish and exercise controls over fund-raising activities carried out by its personnel, contractors and/or consultants, and require written agreements with any outside contractors or consultants.

Evidence of Compliance (G3.12.01)

PRE-SITE
The team will review the policies and procedures regarding the organization's fund-raising practices that are provided for G3.12.
ON-SITE
The team will interview personnel and governing body members with primary fund-raising responsibilities.

Rating Indicators (G3.12.01)

- 1 The organization fully complies with the standard.
- 2 The organization has established controls over fund-raising activities, but these controls may not be widely understood by all involved parties; or written agreements with contractors or consultants may lack specificity regarding acceptable practices.
- 3 The controls established by the organization over fund-raising activities are very general and do not provide clear guidelines; and/or controls do not cover the practices of consultants or contractors, who work without written agreement.
- 4 Organizational controls are absent; or enforcement is extremely lax.

G3.12.02

The organization:

- a. conducts solicitations in an ethical manner with an accurate description of the organization, its identity and purpose, its programs and the financial needs for which the solicitation is being made;**
- b. spends funds for the purposes for which they were solicited, with the exception of reasonable costs for administration of the fund-raising program; and**
- c. maintains accounting segregation for restricted funds.**

Interpretation (G3.12.02):

Conducting solicitations in an ethical manner also requires that the organization ensures that there are no material omissions, misstatements of fact, or misrepresentation regarding the use of the funds.

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**Evidence of Compliance (G3.12.02)**

PRE-SITE

The team will review policies and procedures regarding the organization's fund-raising practices.

ON-SITE

The team will interview personnel and governing body members with primary fund-raising responsibilities.

Rating Indicators (G3.12.02)

- 1 The organization fully complies with the standard.
- 2 One of the required elements is not fully addressed, but the organization has taken steps to strengthen practice.
- 3 One of the required elements is not fully addressed, and the organization has not taken steps to strengthen practice.
- 4 The organization does not comply with the standard, e.g., unethical or deceptive practices regarding costs in relation to funds raised exist; or the organization fails to accurately describe the uses of the funds.

G3.12.03

The organization comprehensively analyzes the costs and benefits of each of its fund-raising activities, taking into account factors that affect the reasonableness of fund-raising costs in comparison to dollars raised.

Interpretation (G3.12.03):

Factors that affect reasonableness of fund-raising costs to dollars raised include, but are not limited to: the differential costs of donor solicitation, donor renewal, large bequests, or donations that would obscure true fund-raising costs. The organization must show that it carefully allocates fund-raising costs and does not obscure them by allocation to program or educational purposes. The organization must collect and maintain data that enable its leadership to make rational fund development decisions.

Evidence of Compliance (G3.12.03)

PRE-SITE

Provide financial reports or documents describing the organization's fund-raising costs. If the organization is in a state or province that requires submission of reports on fund-raising, append a labeled copy of the most recent report.

ON-SITE

The team will review the cost-benefit ratio of the different components of the organization's fund-raising program with the chief financial officer.

Rating Indicators (G3.12.03)

- 1 The organization fully complies with the standard.
- 2 The organization generally complies with the intent of the standard, but practice could be strengthened in some minor way, e.g., the organization conducts an analysis and can produce data that identify differential costs for separate types of activities, but it generally presents the information as a bottom line ratio to the governing body or outsiders. However, the discrepancies are not great enough that this misrepresents costs.
- 3 The organization does not routinely analyze the costs and benefits of its separate fund-raising activities; and/or the analysis fails to take into account two of the factors used in the standard.
- 4 The organization does not conduct analyses.



G3.12.04

The organization establishes controls on the handling and acknowledgement of contributions and respects donor requests for confidentiality.

Interpretation (G3.12.04):

At a minimum, the organization should protect the confidentiality of donors who request anonymity by ensuring that such donors' names are not published or listed in newsletters, articles, annual reports, or other publicly available documents regarding the organization.

Evidence of Compliance (G3.12.04)

PRE-SITE
Provide procedures for protecting the confidentiality of donors.
ON-SITE
The team will interview the chief financial officer and development officer.

Rating Indicators (G3.12.04)

- 1 The organization fully complies with the standard.
- 2 The organization generally complies with the standard, but practice or procedure could be strengthened in some minor way, e.g., the organization has a system of controls that may need strengthening, but in which contributions are appropriately recorded and acknowledged.
- 3 Practice or procedure requires significant improvement, e.g., there have been some instances of violation of donor requests for confidentiality; or several contributors have not been acknowledged in error.
- 4 Procedure is not in place or is wholly inadequate; and/or the standard is not met in practice, e.g., the system of recording and acknowledging gifts is disorganized and inconsistent.

G3.12.05

Upon donor or funder request, the organization discloses descriptive and financial information for revenue-generating activities including fee-for-service programs, for-profit subsidiaries, and related and unrelated business ventures.

Interpretation (G3.12.05):

The standard requires the organization to provide descriptive programmatic and financial information routinely through one of two methods: an annual report or a well disseminated fund-raising report.

Evidence of Compliance (G3.12.05)

PRE-SITE
Provide procedures regarding disclosure of information for fund-raising purposes.
ON-SITE
The team will interview the chief financial officer and review materials prepared in response to such requests, if any.

Rating Indicators (G3.12.05)

- 1 The organization fully complies with the standard.
- 2 The organization discloses information upon request, but in a more limited way.
- 3 The organization discloses factually correct but very limited or inadequate information; or the organization places impediments in the way of obtaining information such as lengthy or excessively formal procedures.
- 4 The organization does not honor donor requests for information on revenue generating activity.



G3.12.06

The organization reconciles its fund-raising practices with prevailing ethical practices of the National Association of Fund Raising Executives or similar national bodies.

Evidence of Compliance (G3.12.06)

PRE-SITE
Provide policy and/or procedures regarding the organization's fund-raising practices.
ON-SITE
The team will interview the chief financial officer and/or development officer.

Rating Indicators (G3.12.06)

- 1 The organization fully complies with the standard.
- 2 The ethical guidelines recommended by national associations of fund-raising professionals or similar bodies have been reviewed but not fully reconciled with practice.
- 3 The organization does not attempt to reconcile its fund-raising practices with prevailing recommendations of national associations.
- 4 The organization has a history of violations of ethical practice.

G3.12.07

The organization fund-raises in accordance with local, state or provincial, and federal requirements and registers all fund-raising activities with the appropriate administrative authorities.

Evidence of Compliance (G3.12.07)

PRE-SITE
The team will review the policy and procedures that are provided for G3.12.06.
ON-SITE
The team will review correspondence with legal counsel or copies of applicable state or provincial laws.

Rating Indicators (G3.12.07)

- 1 The organization fully complies with the standard.
- 2 The organization has reviewed legal guidelines, but has not fully reconciled them with practice.
- 3 The organization does not attempt to reconcile law with practice.
- 4 The organization has a history of legal violations in this area.

CORPORATE ENTITIES ESTABLISHED FOR THE ORGANIZATION'S BENEFIT

G3.13 Foundations, not-for-profit corporations, for-profit subsidiaries, or holding companies ("separate legal entities") that are established on the organization's behalf take only those actions that are in the organization's and stakeholders' best interests.

NA The organization does not have a separate legal entity, or the organization that is an applicant for accreditation is a for-profit organization.

Evidence of Compliance (G3.13)

PRE-SITE
Provide written material regarding legal, fiscal, structural, and accountability arrangements between the governing body and any separate legal entity or entities formed to support the purposes of the organization, such as multiple corporate entities with interrelated purposes.



G3.13.01

When creating a for-profit or a not-for-profit subsidiary, the organization:

- a. conducts a feasibility plan;**
- b. creates a business plan;**
- c. determines that the proposed venture has sufficient capital, resources, and marketability to ensure success;**
- d. has governing body approval for the venture; and**
- e. develops a policy stating that any and all profits the venture generates are directed to fulfill the parent organization's purposes.**

Evidence of Compliance (G3.13.01)

PRE-SITE
The team will review the evidence that is provided for G3.13.

ON-SITE
The team will review feasibility and business plans and minutes from the governing body.

Rating Indicators (G3.13.01)

- 1 The organization fully complies with the requirements of the standard.
- 2 The organization generally complies with the standard, but one of the required elements is not fully addressed.
- 3 Two of the required elements are not fully addressed; or one element is not addressed at all.
- 4 Three or more of the required elements are not fully addressed; or two or more elements are not addressed at all.
- NA The organization does not have for-profit or not-for-profit subsidiaries.

G3.13.02

The organization exercises legally permissible oversight of any entity that raises or holds funds or assets on its behalf, and has a written agreement that clearly describes the relationship between the organization's governing body and the separate legal entity.

Evidence of Compliance (G3.13.02)

PRE-SITE
The team will review the evidence that is provided for G3.13.

ON-SITE
The team will review the written agreement and interview senior management, including the chief executive officer and the chief financial officer.

Rating Indicators (G3.13.02)

- 1 The organization fully complies with the standard.
- 2 The organization generally complies with the standard, but practice or agreements could be strengthened in some minor way.
- 3 Practice requires significant improvement.
- 4 The organization does not comply with the standard, e.g., there are no written procedures regarding oversight or understanding of the relationship between the governing body of the organization and the separate legal entity; or if there are procedures, they are not implemented.
- NA The organization does not have separate entity that raises or holds funds or assets on its behalf.

G3.13.03

An organization that has formed multiple corporate entities to carry out activities that were previously administered by a single corporate structure clearly articulates the roles, relationships, and responsibilities of all parties and operates within the law.

(continued on next page)



<p>Evidence of Compliance (G3.13.03)</p> <p>PRE-SITE The team will review evidence that is provided for G3.13.</p> <p>ON-SITE The team will interview senior management, including the chief executive officer and the chief financial officer.</p>	<p>Rating Indicators (G3.13.03)</p> <ol style="list-style-type: none">1 The organization fully complies with the standard.2 The organization operates within the law, but some aspects of the roles, relationships, and responsibilities of the parties could be more clearly articulated.3 The organization does not have written procedures or legal arrangements defining the roles, relationships, and responsibilities of all parties, but seems thus far to have operated generally within the law.4 There are no written procedures or arrangements defining the roles, relationships, and responsibilities of all parties, and there is the likelihood that the organization has not operated with the law.
<p>G3.13.04</p> <p>Regular and ongoing communication exists between any separate entity and the organization's governing body and management.</p>	
<p>Evidence of Compliance (G3.13.04)</p> <p>PRE-SITE The team will review the evidence that is provided for G3.13.</p> <p>ON-SITE The team will interview senior management, including the chief executive officer and the chief financial officer.</p>	<p>Rating Indicators (G3.13.04)</p> <ol style="list-style-type: none">1 The organization fully complies with the standard.2 There is regular communication as per written procedures, but occasional lapses occur in regard to consistency of the communications.3 Procedure requires significant improvement; or despite procedures there is a pattern of poor communication.4 There are no written procedures, and little, if any, communication between any separate entity and the management of the organization.
<p>G3.13.05</p> <p>The organization has a mechanism for ongoing review of the relationship between the governing body and the separate legal entity to determine whether the entity continues to serve the organization's and stakeholders' best interests.</p>	
<p>Evidence of Compliance (G3.13.05)</p> <p>PRE-SITE The team will review the evidence that is provided for G3.13.</p> <p>ON-SITE The team will interview senior management, including the chief executive officer and the chief financial officer.</p>	<p>Rating Indicators (G3.13.05)</p> <ol style="list-style-type: none">1 The organization fully complies with the standard.2 The organization has an established mechanism for ongoing review of the relationship, but management sometimes is lax in assessing how the relationship supports the organization and stakeholders best interests.3 The organization has a mechanism for ongoing review, but it does not address how the relationship serves the organization's and stakeholders' best interests.4 There is no mechanism for reviewing the relationship, nor an attempt at assessing whether it serves the organization's and stakeholders' best interests.