

Panel Discussion: U.S. Trends in Standards/Accreditation for PVOs

Measuring organizational capacity has always been a major issue for PVOs. As the nonprofit sector has grown, so has interest in whether common standards for organizational performance should govern management of the voluntary sector, NGOs, and PVOs. Much concern exists about the accountability of these charitable organizations for all the resources collected (e.g., for the tsunami). The expert panel on accreditation and standards addressed these and other issues, offering a variety of perspectives. The panel was moderated by Ann Morison Murphy, Council on Accreditation, who, with the other panelists, is deeply committed to standards development, relevance, and accountability mechanisms and how they inform the answer to “What Makes a Good NGO?”

Amy Coates Madsen, Standards for Excellence Institute

The Standards for Excellence Institute (SEI) facilitates adherence to a set of standards based on certain criteria. It was begun as part of the Maryland Association of Nonprofit Organizations in response to several scandals in the mid-90s, increased scrutiny from the media, growth in the number of nonprofits, growing public distrust, and gaps between expectations and performance.

Based on code of conduct. The SEI program of eight principles and 55 standards is based on a code of conduct and is a consensus model for how well-managed and most responsible organizations operate. The eight principles are a blueprint for managing an organization’s approach to the following:

- Mission and program
- Governing body
- Conflict of interest
- Human resources
- Financial and legal issues
- Openness
- Fundraising
- Public policy and public affairs

As part of this program, association members are asked to pledge their commitment to the guiding principles. The intent is not merely to promulgate standards, but also to give members the resources they need to implement recommended practices in their organizations.

Most challenging standards. Several common challenges that typically “hold people up” have emerged from self-assessments with organizations:

- Conflict of interest
- Not evaluating all programs
- Not having advocacy policies in place
- Having no confidential means to report impropriety
- Having inadequate financial policies

Benefits of certification. Benefits are internal (stability and strength of the organization itself) and external (donors).

Effect of certification. Membership survey results show that over time, the gap between expectations and performance has shrunk for those certified in the program. National replication is under way as SEI branches out to other States.

H. Art Taylor, BBB Wise Giving Alliance

The BBB Wise Giving Alliance (the Alliance) arose from the desire for accountability, to constituents as well as donors, although the work it does is aimed at helping donors have information at their disposal when considering an organization to contribute to.

Based on meeting of standards. The alliance evaluates an organization according to a set of 20 standards for critical areas that organizations should promote, such as how its board is organized, truth in solicitation practices, donor privacy, financial management, and overall effectiveness. A report is completed and placed on the Alliance website (www.give.org), and reveals whether an organization has met the standards.

How organizations use the website. Organizations can use the Alliance website to enter information on an electronic questionnaire, from which a report is generated. There is no excuse for any organization not to be accountable that wants to be accountable. Everything is free as far as getting a report issued.

Seal program. Certified organizations can pay a fee to use a BBB Wise Giving Alliance logo on their materials to promote that they met the standards.

Ken Giunta, InterAction

InterAction (www.interaction.org) is the largest coalition of U.S.-based NGOs, operating and running the full ideological spectrum. Its mission is to preserve the public trust. Its PVO standards cover the gamut and draw partially from the BBB Alliance standards.

Standards for specific areas. In addition to drawing from the standards developed by the BBB Wise Giving Alliance, InterAction, as a trade association, has added standards that deal with specific program areas, such as child sponsorship and protecting children from predators in the field.

Membership requirements. A prospective member must comply with the standards to join. To date, compliance has been a matter of annual self-certification.

Two pilot initiatives. Because its standards have not been uniformly applied with the same degree of rigor, InterAction launched two pilot initiatives to increase compliance. One governs child sponsorship, InterAction having defined evidence of compliance for each standard developed in this area. This work has led to a child sponsorship certification manual assessing the five major child sponsorship organizations' approach to and compliance with the standards. These organizations have harmonized their

approaches as a result. A Self-Certification Plus tool helped them improve their internal management, policies, and procedures.

NGOs should be able to “clean their own house.” NGOs are not a monolithic group, and there is no one cookie-cutter way to hold them accountable—however, they should be able to govern themselves. Certified peer review is a likely direction. Mr. Giunta believes that it would be a mistake to impose a single set of standards on the sector, because it runs the risk of becoming politicized.

“The work of charitable groups is a hallmark of American culture and, under existing law, requires transparency. In the end, I think if a government agency demands compliance to standards, NGOs would rush to comply; however, the way it is now demands self-assessment and encourages NGOs to raise the bar on themselves each year.”

—Ken Giunta, InterAction

Ann Morison Murphy, Council on Accreditation (COA)

Risk prevention/management and continuous improvement are two areas of great importance to organizations and to performance standards assessment.

Accreditation approach. COA accreditation is based on evidence-based governance and service standards, application review, self-assessment with consultation, peer site review, additional technical assistance, and finally, a commission review leading to earned recognition. Accreditation is for a four-year period, and organizations must demonstrate client outcome measurement.

Accountability-based standards. Accountability is the underpinning of standards, which are client-, performance-, and capacity-based. COA is oriented now toward capacity-based work as a promising way to support organizations. It puts faith in providing tools, and assumes there is no *one* way to comply.

Mining the lessons learned. COA is making use of what it learned from its own self-assessment based on its standards. It has also been collecting and integrating data from across its divisions, so as not to work in silos, listening intently to all sectors, including small agency organizations.

Means to an end perspective. Ms. Murphy observed compatible messages from panelists on the value of providing tools to leadership that they can then use in a dynamic, creative way. This approach gives value to the whole process. A new definition of network capacity building can incorporate these elements.

Flexibility with standards. COA commissioners and organizations asked for a review of standards according to more dynamic models of service delivery—i.e., taking into account the new and creative ways that organizations will respond to new service delivery trends. As a result, the Council has shifted a more flexible way of evaluating what organizations do, using dynamic models to evaluate various approaches.

Questions to Panel

A questioner from Philadelphia asked panelists what goes into the process of establishing standards for each of their groups, and whether PVOs or community organizations inform the process of establishing these standards.

“Are standards supportive of better organizations? That’s the question. And as a result of standards, do things improve for children, adults, and families?.... In any case, indigenous networks working together will help us to harmonize data and address important things like financial management.”

—Ann Morison Murphy, Council on Accreditation

Mr. Taylor, BBB Wise Giving Alliance, said they have established a panel of individuals representing funders, organizations, corporate executives, the Better Business Bureau system, and former government regulators that, among other things, commissioned a survey to discover what donors wanted from organizations. This was part of developing standards for accountability and transparency. Draft standards were drawn up for public comment and, following panel review and integration of feedback, the final version was released. The Alliance board also has a committee that looks at standards periodically for potential revision, using the same open and widely vetted process.

Mr. Giunta said that InterAction also used an organic process to develop standards, which were then vetted through the entire membership, the board of directors, and the donors. Standards are placed on InterAction’s website for organizations to download, use, and adapt. InterAction also has a board-level committee that oversees standards and compliance issues, including proposed amendments. The proposals are vetted by member agencies that deal with specific issues, then elevated to the board.

Ms. Madsen responded that the Standards for Excellence Institute involved groups to inform its program. SEI put together task forces of nonprofit executives and consultants in all areas; conducted much research of existing programs in business, nonprofit, and corporate sectors; and surveyed nonprofit executives to learn about their expectations and performance.

Ms. Murphy responded that COA’s development process must be open, even while it is highly specialized according to specific areas. Drafts of standards are put on the website for field comment, then pilot-tested.

Another participant asked whether there were points of convergence in the work of panelist groups and whether they would consider coming together and “standardizing their standards” for nonprofits.

Mr. Taylor responded that the BBB Wise Giving Alliance has worked with Standards for Excellence Institute to ensure consistency, and with InterAction to ensure consistency where it makes sense, acknowledging that some of what each group does is different. Mr. Giunta called for all groups to work with their agencies and donors to harmonize those standards that are harmonize-able, a sentiment with which Ms. Madsen agreed. Mr. Morison said that COA looks closely at the standards promulgated by its colleagues.

A participant asked panelists whether they had data on how donors are using accreditation, and how effective it is at different levels.

Mr. Taylor responded that accreditation is not all about the donors, but also contains an organization-improvement focus, as represented by others on the panel. He noted that all play an important role in improving and increasing the accountability of the nonprofit sector. Mr. Giunta agreed that standards help ensure that programs reach their intended beneficiaries.

A participant asked panelists how standards have really improved delivery of services here and abroad.

Ms. Madsen responded that program evaluation is part of how an organization is assessed for accreditation purposes; therefore, providing services in the best way is a condition of earning the SEI seal. Current research is tackling issues of standards outcomes.

A participant working with a small nonprofit in the U.S. that also works internationally asked which accreditation(s) would be best for his organization? He also wanted to know whether seeking accreditation helps organizations avoid more regulation, asking whether what they are already required to do is enough.

“What is the best way to ensure that accountability measures don’t just help donors, but actually reach the beneficiaries on the ground?’ This is the issue the whole NGO community is addressing. A general understanding is that if an organization is meeting standards, then it is doing the quality of work in the field that it should be doing. But that judgment is still being assessed.”

—Ken Giunta, *InterAction*

Mr. Giunta answered that he believed current requirements are “enough,” but that most NGOs fail to meet even the minimum requirements. Therefore, coming together to agree on a core set of fundamental principles is a worthwhile endeavor. That way, if one code is met, all are met. “More work must be done to achieve greater standards reciprocity,” Mr. Giunta added. Mr. Taylor said it will be up to NGOs and boards to pick the standards they wish to abide by, and that they can and should go beyond the

letter of the law. Ms. Murphy responded that accreditation by the Council will satisfy State requirements as well, which can eliminate the need for dual work.

A participant from World Vision asked what should be the appropriate role of the United States in terms of standards setting.

Mr. Giunta responded that while standards setting could become a politicized process, he still believed that USAID and NGOs in the private sector should all come together and see which core sets of principles apply across the board—to agree on some of the basics, the “no-brainers”. That is a good role for government and NGOs.

A participant from a Christian relief organization noted the “unrealistically high” pressure all are under to keep fundraising and administrative costs low, which leads to organizations trying to hide some of that cost. She asked whether it wouldn’t be better for everyone just to be more honest and let that number float up.

Mr. Taylor responded that to meet the Alliance’s standards, organizations should not spend more than 35 cents to raise a dollar. The real challenge, he added, is from organizations that have real low fundraising percentages and want to promote that fact. So it is not the watchdogs touting low numbers, it is rather the organizations themselves. Plus, the media loves this focus, even though it is not a good measure of which is the better organization. Until donors are educated about what’s really important, this will not change.

A participant representing the International Standards Development Association noted existing legislation that directs government agencies to best practices in the private arena to govern their own standards, something done widely. She then asked how panelists would suggest defraying the costs it takes to run a good organization.

Mr. Taylor answered that there is no defraying of costs, and that organizations should spend the maximum amount reasonable to run a good organization.

Summary

The panel agreed that risk prevention/management and continuous improvement are two areas of great importance to organizations and to performance standards assessment. In developing standards to govern these areas and others, care must be taken to:

- Build in needed flexibility.
- Ensure that organizations have input.
- Harmonize standards being promulgated by standard-setting organizations, at a minimum to obtain an agreed-upon baseline.

While it is still unproven whether certification really leads to better organizations in terms of their providing better services to their beneficiaries, panelists agreed that standards help ensure needed accountability.