

Policy Type: Governance Process

Policy Title: External Accountability¹

The Board has a duty to ensure that the organization is accountable for its performance to members, funders, stakeholders and the wider community.²

Accountability to Whom

The **members** are the group on whose behalf the board governs.³ Primary accountability is to them. Members will be individuals, groups or organizations who have an “ownership interest” in the organization.⁴

The organization will also be accountable to its **funders**, those who have contributed money or services to support the organization’s purposes⁵. For the purposes of this policy, funders include individual donors⁶, corporations, foundations and governments. An overview of current funders is attached.⁷

The organization will also demonstrate accountability to its **stakeholders**, those other individuals, groups and organizations that support our purposes, and are affected by our success or failure in achieving those purposes but do not have a ownership or financial interest in the organization. A listing of our main stakeholders is also attached.

Accountability for What

The organization’s external accountability practices will focus on the organization’s performance in relation to:

- Its mission, specific objectives and/or outcomes
- adherence to core values
- prudent use or stewardship of financial, human and other resources.

In demonstrating our accountability we will endeavour to

1. Distinguish the organization’s external accountability to members, funders and stakeholders from our responsibilities to staff, clients, consumers and volunteers.
2. Separate the accountability to funders for the performance of individual programs from the accountability of the organization as a whole. Program specific accountability will be a staff not a board responsibility.
3. Make our governance structure, board composition, meeting practices and board recruitment processes more transparent to members, funders and stakeholders.

4. Build into our accountability efforts specific measures that encourage ongoing dialogue with members, funders and stakeholders on the direction and priorities of the organization.

Accountability by What Means

The organization will use multiple means, beyond the Annual General Meeting that is required in our by-laws, to demonstrate its commitment to external accountability including (examples only):

- A newsletter
- periodic reports to funders (in addition to those required for financial accountability)
- web site
- formal consultation meetings
- special reports to members
- annual report
- financial audit
- press releases

<Date of approval>

¹ Few organizations have an accountability policy but this is what one might look like if one was to embody key external accountability concerns in a policy. Accountability is a quality of hierarchical organizational structures. John Carver (2006) defines accountability as “accumulated responsibility” in that it flows upwards and outwards to members and the community. Carver distinguishes accountability from responsibility. (See Boards That Make a Difference: A New Design for Leadership in Nonprofit and Public Organizations (Third Edition, Jossey Bass, pp158-159).

² Members, funders and stakeholders together are a more inclusive list than members alone. The use of the term “**stakeholder**” in this policy is a more specific one than is commonly used. Staff would likely be considered key stakeholders in most organizations.

³ Membership is a key feature of many non-profit organizations and who can be members is often defined in an organization’s by-laws. “Membership-based” organizations typically maintain a list of members, some or all of whom have paid a membership fee or otherwise formally “joined” the organization. Organizations that refer to themselves as “community-based” organizations, even if they do not have a list of members, ought to be clear about to whom they are primarily accountable. For some non-profit organizations, such as foundations and United Ways, for example, membership is not a particularly relevant concept since their primary accountability may be to donors and to the entire community.

⁴ John Carver (2006) describes the ownership of non-profit organizations as that group “on whose behalf the board governs” and suggests that if organizations do not have a legal ownership, as member-based associations often do, they will at least have a “moral ownership. (See Boards That Make a Difference p.376).

⁵ It is important to recognize that many funders will have more than a financial or narrow service delivery interest in the organization.

⁶ Legislation governing charities in Canada requires that membership fees be clearly distinguished from donations. The former is associated with a benefit of membership; that is, that there is an exchange of money for services including the right to participate in the governance of the organization.

⁷ Not attached here but might be to an actual policy.