



# Demonstrating Accountability

*Non-profit and charitable organizations play a special role in our communities allowing funders to provide money for services while enhancing community benefits and improving the quality of life for many.*

## By Angela Byrne, CMA

Funding is directed through a variety of sources: government agencies, foundations, corporate donations, and private individuals. In recent years investors have developed an avid interest in the financial health of these organizations. Government assessment now includes accountability frameworks and accountability legislation.

In 2002, the CCAF, a national non-profit research and education foundation published "Reporting Principles: Taking Public Performance Reporting to a New Level". This report presents a set of principles to guide government agencies and legislators in performance reporting. The principles aim to increase accountability and build confidence in reporting.

In addition, Ontario's 2001 budget introduced new legislation including the "Public Sector Accountability Act". The Act defines new standards for accountability for those organizations receiving provincial funds.

As a result, today's environment demands the same responsibility of non-profit and charitable organizations as it does of the financial community – demonstrated accountability.

### Why is Accountability Important?

Funders understand their investments better and agencies learn that accountability is vital to future funding at the heart of their organizations.

In this climate of scarce resources and competing needs, funders will look to invest in agencies that can deliver the service and manage the funds well. An organization can inspire confidence in its investors, remembering a few simple guidelines.

1. Funds received by an organization are often allocated for specific purposes. Consider the funder's intent and ensure accurate deliverability.
2. Most funders will require a quarterly or annual declaration of actual expense compared to the original budget. Deviations will require additional explanation. Agencies are required to understand and implement all reporting requirements attached to the funding.

3. Accountability can be demonstrated not only to your major funders but also to individuals who support your agency. For example, sending a letter to participants in a charity golf tournament thanking them for their participation and informing them of the amount raised and manner spent is more than just good public relations. It inspires confidence in your ability to manage the money raised.

4. Evident financial health can be tracked through exact reporting. Concise, timely, accurate reports and records are excellent indicators of management expertise. Increased confidence often means increased investment.

### Increasing Funder Confidence

Sensitivity to the funder's perspective on directed funding, clear documentation, and meaningful communication demonstrate an organization's viability determined by its financial health. The increasing willingness of an organization to open its books, provide regular reporting, and attune itself to its funders help build better reciprocal relations. The organization's proposed and actual financial performance is analyzed and open to discussion. This empowers the funder allowing more informed decisions about continued investment.

Angela Byrne, CMA & Associates, has a proven track record of helping organizations by providing expertise in the areas of internal audit, risk management, business transformations, project management, and operational reviews. To learn more about how Angela and her team can help your organization succeed, visit our website at [Angela Byrne, CMA & Associates](http://AngelaByrne.com). You can also reach Angela at (519) 284-0321 or by e-mail at [info@angelabymecma.com](mailto:info@angelabymecma.com)