The Role of Ethics and Accountability in Advancement

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Topics of the Day

- Ethics – The Issues at Hand
- Ethics & Accountability Defined
- Institutional Values and Accountability
- Ethical Principles for Fund-Raising Professionals
- Ethics in Advancement
- CASE Statement of Ethics
- Accountability Standards
- Closer to Home
- Challenges
- Opportunities
- Summary
ETHICS
FOR BEGINNERS

CEO
Societal trust diminished due to increased corporate scandals
- Allegations of misuse of funds
- Restated financial statements
- Shareholder value
Corporate - Examples

- Enron
- Tyco
- Prudential Financial
- And many more.....
Ethics – Issues at Hand

- Higher education/charitable organizations are not immune
  - Surveys indicate “giving” confidence levels continue to decrease
  - Fiscal constraints require organizations to focus on the bottom line
  - Governmental funding limited
  - IRS closely scrutinizing donations made to charitable organizations
Examples

- American Red Cross
- Harvard
- United Way
- University of Texas
- Many that deal with athletics
Ethics & Accountability

And this means.......
Ethics - Defined

- A set of principles
- The principles of conduct governing an individual or group
Accountability

- Defined:
  - An obligation or willingness to accept responsibility or account for one’s actions
Ethics & Accountability

- Ethics refers to “How” we do things
  - Many ethical problems in non-profits are caused by lack of openness. Key term - Transparency

- Accountability focuses on “What” we do
  - We must demonstrate to our constituents that we are worth their trust and investment. Are we responsible for our actions?
My Simplistic Definition

- Ethics and Accountability
  - The term which means “Doing the Right Thing”
  - A decision, action, and the consequence for each
The Caveat

- A truly ethical & accountable organization only exists if its leaders “adopt and live” ethical principals in decision making. Importance must be placed on VALUES - not simply the bottom line.
"This might not be ethical. Is that a problem for anyone?"
In Our Environment....

The important components
Institutional Values & Accountability

- Is the mission of the institution clearly articulated?
- Are polices in place to promote ethical decision making (ex. Gift acceptance) and is compliance monitored (accountability)?
- Do you have a formally adopted (written) code of ethics?
- Do your own values align with those of the institution?
- Are institutional leaders living the values?
Ethical Principles for Fund-Raising Professionals

- Personal Integrity
- Confidentiality
- Public Trust
- Disclosure
- Compensation

(Adopted by CASE Board of Trustees 11/05)
Ethics in Advancement

- CASE Statement of Ethics
- AFP Code of Ethical Principles and Standards
- Donor Bill of Rights
- Independent Sector Ethics and Accountability Committee Statement of Ethics
CASE Statement of Ethics
Our Guide

- Promote the merits of the institution without disparaging other colleges and schools
- Respect all individuals
- Safeguard privacy rights and confidential information
- Uphold the professional reputation of advancement officers and give credit for ideas or images originated by others
CASE Statement of Ethics  
Our Guide

- Do not accept favors for personal gain
- Avoid conflicts of interest
- Follow the letter and spirit of laws and regulations affecting advancement
- Observe these standards and encourage colleagues to do so
Accountability Standards for our Business

- **CASE Management & Reporting Standards**
  - Helps ensure an objective way to measure fund-raising performance
  - Protects organization’s credibility
  - Avoids inaccurate fund-raising comparisons
  - Strengthens view of philanthropy
Regulatory Oversight – Some Overlap

- FERPA – protects privacy of student records
- HIPPA – pertains to security of medical information
- GLB (Graham-Leach Bliley Act) – applies to financial institutions
- (SOX) Sarbanes-Oxley Act – pertains to financial reporting
Closer to home….

How all of this effects our daily gift processing operations

- Crediting the legal donor of a gift
- Matching gifts
- Pledges
- Donor-Advised Funds
- Gifts-in Kind
Today – Where We Stand
Challenges

- Good intentioned Development Officers may not be well versed on the rules and regulations – make commitment for something we can’t do
- Donors may ask (expect?) exceptions
- Addressing potential issues with management relating to (un)ethical observations
Opportunities

- **Education**
  - Providing formal training at the early stage of the game may help alleviate potential problems down the road
  - Coach, mentor and guide.....
To Summarize

- The subject of ethics is extremely complex
  - Ethics can be viewed as a business and an art – many gray areas and little in clear black and white (AFP 10/05)

- Important to know what your own set of values are
  - Can’t control the actions of others
  - Ask yourself and feel comfortable that you “Did the right thing”
How important are ethics in today's society?
Questions & Comments

THANK YOU!!