Published on Sports Management Resources

Q: What are the essential elements of a non-profit organization's ethics policy?

Generally, an organization should consider addressing the following ten elements in its ethics policy:

1. General Statement of Commitment. A statement that all members of the board of directors, staff, and volunteers serving on committees or otherwise associated with the organization are committed to conducting the organization's business with the highest standards of integrity and personal conduct, that exceptions to the policy have to be approved by the Board and acknowledging that no ethics policy can address all specific situations, therefore any suggestion of a possibility of conflict should be brought to the attention of the organization. The general statement should also state that the policy includes avoidance of the appearance as well as any actual conflict with regard to:

- using the association with the organization for private gain;
- preferential treatment to any outside person or organization;
- impeding the efficiency or economy of the organization;
- loss of independence or impartiality;
- affecting the public confidence in the integrity or the reputation of the organization;
- endangering the life, health or safety of anyone.

2. Definitions and Guidelines. A specific definition such as "No person shall have direct or indirect interest in or relationship with any outside organization or person that might affect (or that might reasonably be understood or misunderstood by others as affecting) the objectivity or independence of his or her judgement or conduct in carrying out the duties and responsibilities he or she has in connection with the organization's activities." should be stated. In addition, a list of examples of circumstances should be included such as:

- material and direct personal involvement with grantees, suppliers, contractors, customers;
- ownership of a material interest in such an entity;
- acceptance of material payments, services or loans from such an entity;
- ownership of property affected by the organization's actions or acquired as a result of confidential information;

- outside employment which might materially impact job performance or efficiency;
- outside activities in civic, professional or political organizations which might involve improper and unauthorized divulging of the organization's data.

There should also be a disclaimer specifying that a conflict of interest is no unethical if an individual has no actual knowledge of such a relationship or involvement.

3. Improper Use of Information. A statement specifically prohibiting individuals from using any organizational information for personal gain.

4. Disclosure. A statement specifying the individual's responsibility to make known any knowledge of ethical misconduct.

5. Improper Use of Assets and Record Keeping. A statement of the fiduciary responsibility of individuals to prevent the loss, damage, misuse or theft of property, records, funds or other assets belonging to the organization, including restricting the use of such assets to the business of the organization.

6. Accounting Records and Reports. A statement of commitment to generally accepted accounting principles, applicable laws and regulations and an internal accounting control system which includes audited financial reports.

7. Gifts, Gratuities, or Entertainment. A prohibition of individuals associated with the organization from receiving gifts, excessive entertainment (of more than a specified amount) or gratuities for themselves, their families or friends from any outside person or organization except for a general exclusion for unsolicited gifts or gratuities with a specified maximum value as long as they are disclosed. Similarly a statement prohibiting the use of the organization's assets for gifts or entertainment above a certain amount.

8. Political Contributions. A statement prohibiting use of organizational funds for direct or indirect political contributions.

9. Acceptance of Honoraria. A statement prohibiting staff and individuals representing the organization from accept honoraria for such purposes, unless such funds go to the organization with exceptions for consultant services performed by expert employees unrelated to their position in the organization and as long as such work is done on vacation days.

10. Professional Relationships. Statement prohibiting hiring of family members, personal relationships with staff, professional conduct (prohibition of sexual harassment, etc.)

There are many good examples and resources on the internet dealing with this topic:

- Ethics Policy for the Board of Regents - Midwestern State University
- Sample Code of Ethics Policy Statement - Steven Sack
- Sample Code of Conduct - Ed McDonough
- Board Source (not for free but excellent source for non-profit policy samples)
- Sample Conflict of Interest Policy - Arent Fox

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Topics

Ethics

Source URL: https://sportsmanagementresources.com/index.php/print/pdf/node/95