

**CAPLAW**  
Community Action Program Legal Services, Inc.

**Do the Right Thing:  
Cultivate a Culture of Compliance  
and High Ethical Standards**

**August 15, 2013 Webinar**

Eleanor Evans, Esq.  
Deputy Director/Senior Counsel  
CAPLAW  
Boston, MA  
[eleanor.evans@caplaw.org](mailto:eleanor.evans@caplaw.org)  
617.357.6915

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**Why Should CAAs Care?**

- Increase in demand for services
- Decrease in government funding
- Intensified competition for funding
- Negative publicity resulting from ethical lapses and compliance crises

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**10 ACTION STEPS TO COMPLIANCE AND ETHICAL STANDARDS**

Set the "Tone at the Top"

Think Globally

Put It on Paper

Assign Responsibility and Require Accountability

Communicate

Work with an Attorney

Continuously Improve

Follow through Promptly and Efficiently

Trust, but Verify

Get Up-to-Speed and Stay Up-to-Date

Exemplary Legal Practices and Policies Guidebook, Part I: Do the Right Thing: How to Cultivate a Culture of Compliance and High Ethical Standards  
<http://www.caplaw.org/resources/PublicationDocuments/ExemplaryPracticesGuidebook.html>

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### Set the Tone at the Top

- Tone at the top = message about ethics and integrity that organization leaders send through their words and behavior
- Don't just talk the talk, walk the walk
  - Board and management should:
    - Model principles in code of ethics
    - Apply code of ethics and organizational policies consistently

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### Set the Tone at the Top

- Get the board on board
  - Prioritize ethics and compliance in hiring and evaluating the executive director
  - Adopt (or update) and adhere to the following policies:
    - Code of ethics
    - Conflict of interest
    - Whistleblower

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### Set the Tone at the Top

- Get the board on board
  - Adopt and monitor compliance and ethics program
  - Communicate importance of compliance and ethics
  - Take action on reports of ethical or compliance concerns

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### Think Globally

- Look at organization as a whole rather than as a collection of individual programs
- Assess current ethics attitudes and compliance risks
  - See links to ethics assessment and risk management tools in toolkit
  - Findings should be shared with management staff, other employees and stakeholders
  - Regular and continuous process

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### Think Globally

- Develop integrated, organization-wide systems
- Ensure that all employees know:
  - What the policies are;
  - How to comply with them; and
  - How to demonstrate compliance, including how to consistently document that policies are being followed

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### Put It On Paper

- Written policies and procedures:
  - Memorialize the organization’s commitment to compliance and ethics
  - Help board and staff understand how to act in accordance with that commitment

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### Key Compliance Policies

- Code of Ethics
  - Outlines practices and behaviors that staff, board and volunteers agree to follow
- Whistleblower
  - Encourages employees, volunteers, clients and vendors to report ethics and compliance concerns
- Conflict of Interest
  - Encourages board members and staff to report and address actual and potential conflicts of interest

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### Drafting Policies

- When drafting policies, think about if can implement and enforce them
  - Worse to have a policy that is not followed then to have no policy at all
- Involve those affected by policies in drafting process
- Use “plain English” and real-life examples
- Work with an attorney
- Require those subject to policies to acknowledge that they were received, reviewed, and will be followed

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### Assign Responsibility and Require Accountability

- Assign specific compliance responsibilities to particular groups and individuals
- Ensure those involved understand their responsibilities by providing:
  - Job descriptions for individual staff members include compliance and ethics responsibilities
  - Evaluations of staff on how responsibilities fulfilled
  - Charters for board and staff committees

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### Board Compliance Committee

- Receives and discusses reports on compliance and ethics program
- Periodically reports to full board on compliance program
- Recommends to full board ways to improve compliance and ethics
- Takes action to address problems

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### Management Compliance Committee

- Made up of department heads and/or other senior managers
- Works with board committee
- Takes the lead in:
  - Assessing the organization’s ethical culture and compliance;
  - Establishing compliance systems;
  - Addressing compliance concerns;
  - Coordinating communication on compliance matters;
  - Providing training to board, staff and volunteers; and
  - Monitoring compliance

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### Compliance Officer

- Often a senior manager
- Acts as point person for coordinating compliance throughout organization
  - May be a full-time job or in addition to other job responsibilities
- Regularly reports on compliance and ethics matters to the board

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### Ways to Communicate Policies

- Board chair and executive director address staff meetings
- Distribute copies in personnel manual, memos, email, intranet, etc.
- Review at staff and volunteer orientation
- Discuss at staff meetings
- Provide formal training to HR staff, supervisors, other employees and volunteers
- Have supervisors communicate to staff and volunteers informally

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### Other Important Communications

- Managers and supervisors should reassure staff and volunteers that they will not be retaliated against for good faith reporting
- Employees who exhibit exemplary compliance and/or ethical behavior should be publicly recognized as a way to reinforce such behavior

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### Get Up to Speed and Stay Up-to-Date

- Board training
  - Customize to CAA and its operations
  - Most effective if compares the CAA's actual practices to best practices
  - Include checklists, self assessments, and post-training action lists
  - Follow-up
- Staff training
  - Especially for supervisors

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### Training Formats

- Informal training may occur via:
  - Staff meetings
  - On-the-job instructions
  - Feedback
  - Mentoring
- Formal training may occur via:
  - Conferences
  - Webinars
  - Online training modules
  - Customized on-site presentations
  - Staff meetings

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### Trust But Verify

- Critical component of an effective compliance program is internal monitoring/auditing
- Various forms of monitoring include:
  - Establishing and following verification procedures
  - Periodically checking files and other documentation
  - Talking to employees about how they do their jobs
  - Conducting internal assessments or peer reviews
- Senior management and board should regularly receive reports describing problems identified and steps being taken to correct them

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### Periodic Checks

- Self-audits – regular checks of personnel, program, procurement or other files to determine if policies and procedures are followed
- Techniques for monitoring compliance include:
  - Managing by walking around
  - Determining if particular task or function is being performed correctly

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**Follow Through Promptly and Effectively**

- Promptly and effectively investigate and resolve complaints, reports of problems, and internal and external monitoring and audit findings
- Process to be followed includes:
  - Establishing systems
  - Designating individual or committee
  - Determining how to respond
  - Disciplining for breaches

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**Continuously Improve**

- Evaluate performance
- Learn from mistakes
- Review and update policies and procedures
- Continually communicate, train, monitor, etc.

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**Work with an Attorney**

- Attorneys play a key role in helping a CAA maintain accountability and avoid liability
- Find an attorney
- Hire an attorney
- Pay for an attorney
- Understand an attorney's role on the board of directors

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2014 CAPLAW National Training Conference  
June 18 - 20  
Sheraton New Orleans Hotel

*New Orleans*

CAPLAW 25

The poster features a collage of images: a street scene with a fire hydrant, a person in a hat, a coffee cup, and a hotel building. The CAPLAW logo is in the bottom left, and the number 25 is in the bottom right.

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## Sample CAA Code of Ethics

XYZ Community Action Partnership, Inc. (XYZ CAP) has earned the trust and confidence of the public through years of ethical, honest and responsible charitable service. We believe the continued success of XYZ CAP depends upon the conduct of its employees, board of directors and volunteers.

***Further we believe that XYZ CAP should be a model for other nonprofit organizations by adhering to high standards of performance, professionalism, service to our communities, and ethical conduct.***

***This code of ethics is adopted as a governing policy for all of our operations and represents the fundamental values of XYZ CAP.***

### Personal Integrity

- We value truthfulness and strive to avoid misrepresentation.
- We strive for fairness and objectivity in our deliberations and decision-making.
- We seek to ensure that confidential or privileged information is used only as intended.
- We strive to be inclusive and embrace diversity in all of our activities.
- We are committed to the concept of equal opportunity for all and rewarding meritorious behavior.
- We respect the dignity of every person with whom we have contact.

### Organizational Excellence

- We honor and embrace the partnership of volunteer and staff as we work to advance the mission of XYZ CAP.
- We strive for operational excellence at XYZ CAP in recognition that to do less violates our public trust.
- We pledge as volunteers and staff to exercise good stewardship.
- We will not condone coercive or unscrupulous behavior in any of our business dealings with volunteers, staff, donors, clients or vendors.
- We pledge to deal with vendors without bias or preferential treatment.
- We pledge to provide a working environment where open communications and diversity of opinions are welcomed and encouraged.
- We strive to encourage growth and personal development for each of our employees.

### Accountability

- We pledge to efficiently collect and maintain accurate information regarding all aspects of our operations.
- We pledge to fully disclose all information legally defined as public information and to provide fair and accurate reports on how funds are used to strengthen the programs we deliver.

### **Conflict of Interest**

- As volunteers and staff of XYZ CAP we pledge to disclose our personal interests and when appropriate to refrain from participating in or influencing any decision that would provide a direct personal advantage to us or any member of our families.

### **Personal Gain**

- As staff and volunteers we pledge not to accept any gratuity for favor in return for duties performed on behalf of XYZ CAP from parties that may have benefited materially from our decisions.
- As staff and volunteers we agree to refrain from accepting food, travel, or entertainment that is directly related to XYZ CAP business decisions.
- As staff and volunteers we agree not to use XYZ CAP resources to advance material personal or business interests.

### **Employment Practices**

- We expect that each employee will be treated with respect free from verbal or physical harassment.
- We pledge to be an equal opportunity employer that hires on merit and without regard to age, creed, disability, gender, marital status, military status, national origin, race, religion, or sexual preference.

### **Nepotism**

- XYZ CAP will not place a person in a staff position where their performance would be managed by a relative (by blood or marriage).
- We will avoid selecting a consultant or vendor who is relative, close personal friend, employee or is associated with a relative, close personal friend, based primarily on that relationship.