



**NORTHEAST INSTITUTE FOR QUALITY
COMMUNITY ACTION.
BEST PRACTICES “CHALKBOARD.”
“Reputational Risk Assessment.”**



In a nation-wide 2003 survey of nonprofit agencies sponsored by Grant Thornton LLP, 80% of survey respondents stated that their organization had not made any changes to their governance policies as a result of the passage of the Sarbanes-Oxley legislation. The latest Grant Thornton Non Profit survey documents that by 2007, 87% of survey respondents have made changes to their governance policies including:

- 75% of respondents say they have adopted a “Code-of-Ethics” policy vs. 17% in 2003.
- 89% of respondents have adopted a “Conflict-of-Interest” policy vs., 24% in 2003.
- 68% of respondents say they have adopted a “Whistle-blower Protection” policy vs. 16% in 2003.

The commitment to strengthen agency governance practices reflects the recognition that one of the organizations most valuable assets is its reputation. Respect can take years to develop but can be undermined in a flash of bad publicity. In order to prevent such a crisis, a growing number of agencies are assessing “Reputational Risk” as part of an organization-wide risk evaluation and action plan. This assessment normally is focused on:

- *Governance Policies/Practices...*are Bylaws and Board policies current and meet best practice standards (clarity of roles, prevention of conflicts, etc)
- *Financial Policies/Practices...*are effective control policies in place, are they internally audited, is reporting timely/accurate, nature/number of audit post-close adjustments, etc)
- *Personnel Policies/Practices...*are policies current and compliant with legal and best practice standards, are they fairly/evenly applied, are procedures in place to review/address staff grievances, in a timely fashion, etc.?
- *External Communications...*does the agency have a Plan for communicating with local media....are communications proactive, concise, accurate and truthful or vague, reactive, contradictory or inaccurate?

Assessment and sound planning can help protect your agency’s good reputation and prevent behavior which fostered the need for Sarbanes-Oxley and related federal and state legislation.