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Enhanced Stewardship Over Scarce Non-Profit Resources : Restructuring Non-Profit Accountability to Give Clients Greater Voice

Steven Wall
Ryerson University

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ENHANCED STEWARDSHIP OVER SCARCE NON-PROFIT RESOURCES

RESTRUCTURING NON-PROFIT ACCOUNTABILITY
TO GIVE CLIENTS GREATER VOICE

by

Steven Wall
B.A., Trent University, 1987

A thesis presented to Ryerson University

in partial fulfillment of the
requirements for the degree of:

Master of Arts
in the Program of
Public Policy and Administration

Toronto, Ontario, Canada, 2012

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ENHANCED STEWARDSHIP OVER SCARCE NON-PROFIT RESOURCES

Restructuring Non-Profit Accountability To Give Clients Greater Voice

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ABSTRACT

This study examines the accountability profiles of 44 non-profit social services organizations operating in the City of Toronto from the perspectives of Senior Executives working within them. Not unexpectedly, this study confirms an *accountability bias* based on an imposed system of accountability dominated by upward financial accounting to government funders. This paper suggests that non-profit organizations must move beyond imposed systems of accountability to achieve a more productive, better balanced and holistic accountability. A proposal is forwarded for *enhanced stewardship over non-profit resources* through a strategy that calls for non-profit organizations to reorient their accountability profiles to give clients greater voice through mechanisms of downward accountability. This study provides an introductory framework for accountability to clients, as well as an inventory of the downward mechanisms of accountability found in the 44 non-profit social services organizations studied.

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INTRODUCTION

This study takes a two prong approach to understanding accountability to clients in the non-profit sector. It considers the overall environment in which accountability is offered, as well as the means and mechanisms that non-profit organizations use to provide accountability to service users. While that is a useful exercise in itself, this paper suggests that accountability to clients can serve as the basis of an *enhanced stewardship* over scarce resources whereby clients play an active role in non-profit management through mechanisms of accountability that capture their perspective as service users and citizens. In that light, this study presents a means by which destructively skewed accountability profiles can be reoriented and the shared values and the mutual interests of governments, non-profit organizations, service recipients and citizens can be realized and whereby non-profit organizations will be able to act with greater legitimacy as the delegated voices of non-profit service recipients at the policy table.

Chapter One will outline the unique characteristic of the non-profit sector and review some of the major components and concepts of accountability as they have been applied to the sector. It will also provide a context in which to understand the relationships between accountability stakeholders and examine recent policy discussions and directions. Chapter Two will examine how different levels of governments and the non-profit sector have conceptualized accountability to clients in order to determine what types of accountability ought to be provided to clients. Together, these chapters provide the basis for an empirical study which examines accountability in the context of a sample of 44 Toronto non-profit social service organizations operating in the City of Toronto.

With the specific purpose of understanding and describing the accountability profiles of non-profit social service organizations, and providing an inventory of the mechanisms used to provide accountability to clients, Chapter Three describes the research methodology and the instruments and tools that were used to obtain research data. Chapter Four outlines and discusses the findings of the research survey, and confirms many of the accountability relationships suggested by the earlier literature review. It will also provide the basis in which to assess the sector's readiness to embark on relationships of *enhanced stewardship*.

Chapter Five presents a vision for non-profit accountability reform where greater oversight of non-profit operations is achieved through broadened and well balanced accountability activities in which greater focus is placed on downward accountability and the needs of non-profit service recipients. Chapter Five also assesses the current readiness of the non-profit social services organizations studied to engage in relationships of *enhanced stewardship over scarce non-profit resources*.

CHAPTER ONE

The Dynamics and Environment of Non-Profit Accountability

Any study of the non-profit sector starts with an analysis of what exactly is meant when we refer to the non-profit sector and non-profit organizations. Discussions related to accountability, in a similar vein, must identify the terms, concepts, and frameworks of accountability that have been applied to the sector in order to provide meaning and clarity to the issues and narratives that arise out of them. The value in examining existing theories and conceptual frameworks is that they help us determine what they have to offer in terms of providing solutions to current challenges. It is through understanding and appreciating the political and social context of the policy forum that we identify what needs to be done in order to effect the changes needed to achieve goals. This chapter will outline the environment in which non-profit accountability exists and its impacts in terms of creating greater accountability for clients of non-profit services.

Defining and Situating Non-Profit Organizations

The services provided by non-profit social service organizations often target the isolated, marginalized and disadvantaged segments of society with the goals of providing the sustenance required for daily living and the opportunities to overcome social, economic or other structural barriers that prevent individuals from obtaining resources, skills, or personal fulfilment. Among their duties are redistributing societal resources, equalizing opportunity,

and assisting individuals to overcome personal difficulty in order to permit fuller participation in social or economic life.

The definition of non-profit organization varies depending on source and jurisdiction. The definition employed here is based upon the classification utilized nationally by Statistics Canada, which borrows from the internationally established definition of non-profit organizations found in the United Nation's *Handbook on Non-Profit Institutions in the System of National Accounts (2003)*. Statistics Canada's, *Satellite Account of Non-Profit Institutions and Volunteering (2007)*, defines non-profit organizations as those organizations that share the following elements and characteristics:

1. *Organizations*: institutionalized to some extent
2. *Not-for-profit and non-profit-distributing*: not existing primarily to generate profits and not returning any profits generated to owners or directors
3. *Institutionally separate from government*: not part of the apparatus of government and not exercising government authority in their own right
4. *Self-governing*: able to control their activities and not under the effective control of another entity
5. *Non-compulsory*: membership and contributions of time and money are not required or enforced by law or otherwise made a condition of citizenship.

The Ontario Ministry of the Attorney General's *Not-for-Profit Incorporator's Handbook* identifies several types of non-profit organizations: a general type consisting of ratepayers' associations; professional associations; community organizations; sporting and athletic organizations; social clubs; service clubs; and, charities who are "engaged in carrying out certain good works that are of benefit to society" (2011: 8). All the organizations invited to participate in this study were non-profit, social services organizations operating in the City of Toronto.

Many of the organizations, by the virtue of the services they provided, also had charitable status.

The Canadian Revenue Agency, in their *Guide to Registering a Charity for Income Tax Purposes*, identifies that charitable organizations must exist for the purpose of: “the relief of poverty, the advancement of education, the advancement of religion; or, certain other purposes that benefit the community in a way courts have said is charitable” (2008: 4). In terms of social service delivery, other “purposes that benefit the community” have been defined by the courts as: relieving a condition associated with old age; preventing or relieving sickness and disability, including substance abuse; providing housing facilities for those people with special needs, counselling people in distress, protecting children, and providing immediate relief to victims of natural disasters and sudden catastrophes.

Non-profit organizations are distinct from the public and private sectors. While resources provided to governments produce security for its citizens, and markets theoretically produce prosperity through profit generation, non-profit organizations are central to civil society and produce a variety of goods including empowered individuals and communities, public discourse and social capital. Separated from the revenue streams of taxes and profits, these organizations are self-regulating but resource poor, relying heavily on volunteers for their Boards of Directors and the delivery of their services. The unique characteristics of the sector have led these organizations to be labelled: independent sector, third sector, voluntary sector, and civil society sector.

The particular location of non-profit organizations in society has provided them with growing recognition for their social expertise and economic contribution. As these

organizations are often located in the same neighbourhoods where their clients reside, they are widely accepted as experts in “providing community-responsive services; promoting civic participation and inclusion; developing collaborative solutions to complex challenges; providing social innovation, providing early response to social issues and, contributing directly to economic activity” (Clutterbuck and Howarth: 3).

While the social mission and expertise in delivering community services have traditionally been the focus of interest in the non-profit sector, their economic contributions are now coming to the forefront. In terms of the economic contributions, the *Satellite Account of Non-Profit Institutions and Volunteering 2008* (Statistics Canada) indicated that the "core non-profit sector" which excludes institutions such as hospitals, universities and colleges: grew 6.0% over the previous year; accounted for 2.4% of Canada's GDP in 2008, and maintained a constant share of GDP since 2002. It also reported a staggering \$80.0 billion in revenues in 2008, “either earned from market activity or received as transfers from governments, businesses or households.”

The traditional view of non-profit organizations occupying a space different from that of both government, and the private sector organizations, has been challenged by the changing dynamics of service delivery. In Canada, this transformation resulted from neoliberal welfare policies, (under the mantra of a “Common Sense Revolution” in Ontario), in which the size of the state was reduced and social responsibility was often downloaded onto non-profit organizations and the private sector through the contracting out of governments services (Evans and Shields, 2000). At the core of government restructuring, were New Public Management approaches to governance that desired to make the public sector more

businesslike. It imposed contract based relations; private sector styles of management; budgeting based on efficiency and resource savings; hierarchical top-down management; and, the imposition of performance measures related to targets, outputs and results (Jansen, 2008).

The resultant multilayer transformation of the relationship between civil society and the state is captured in the term “quasi public sector”. First, it identifies the location of service delivery as “space between public and private sector organizations, a result of the withdrawal by government from direct service provision and the subcontracting of those services to the private sector or to non-governmental organizations” (Collier, 2008: 933). Second, it identifies an environment in which “there is a mix of public and private sources of funding” (934) and third, it identifies that funding is “superimposed by a high degree of government regulations” (934). In practical terms, this has meant “non-profit organizations have gone beyond being private providers of public goods to become the provider of publically funded goods” (Candler and Dumont: 2010, 260).

The impacts of the transformed state created a crisis for non-profit organizations. Not only were they overwhelmed with increasing demand for their services, but under contractual arrangements they found themselves preoccupied with financial reporting and pressures to demonstrate the results and impacts of the services they provided. The crisis was documented in two landmark reports.

A national report, by the Voluntary Sector Initiative, *The Capacity to Serve: A Qualitative Study of the Challenges Facing Canada's Nonprofit and Voluntary Organizations* (2003), recognized an urgent need for reform. The study identified that better models for funding were required, and, means to reduce competition among organizations were necessary so

scarce resource and infrastructure could be shared. It also noted that strategies for the recruitment and management of volunteers were needed and that training was required for all staff to deal with the new demands. It noted, as well, that media strategies to improve public and media awareness needed to be developed to draw attention to non-profit contributions and to promote community support.

The second report, *We Can't Afford to do Business This Way: A Study of the Administrative Burden Resulting from Funder Accountability and Compliance Practices* (2007), by Lynn Eakin, concluded that funder accountability and compliance demands could seriously undermine non-profit organizations resulting in less responsive services, and, less value for money. Among the report's many concerns were that innovation could disappear as organizational flexibility was diminished, contractual constraints based in financial management and performance made organizations risk averse, and investments could not be made in new ideas and programs as funding parameters specified how money was to be spent.

The transformations noted in the non-profit sector speak to the intermixing of the public, private and non-profit service delivery models. How this intermarriage of service delivery develops and evolves will be interesting in terms of the accountability practices of non-profit organizations. Robert Goodin, in *Democratic Accountability: The Distinctiveness of the Third Sector* (2003), suggests that accountability means and mechanisms take distinctive forms in different sectors. He identifies that each sector focuses on a different subject and mechanism to provide accountability: the public sector relies on accountability regimes that examine the actions of *public officials* and rely on *hierarchical authority* structures to provide this accountability; the market accountability regime focuses on *results* and relies on *competition*

to examine accountability; while the non-profit sector accountability regime relies on its *intentions* as assessed through *cooperative networks* in achieving accountability goals. In the intermingled state of service delivery, Goodin suggests “the accountability regime of the public sector is the one that ought to prevail citing there are other ways to make social institutions accountable, but that is ultimately the only way to make them democratically accountable” (389). While that statement may be controversial, it identifies one perspective frequently found in literature discussing the sector.

There have been some attempts to integrate non-profit organizations with engagement; empowerment and community building that reinforce democratic and electoral activity. Mordecai Lee, in *Public Reporting: A Neglected Aspect of Nonprofit Accountability* (2004), suggests that while non-profit organisations have obligations under existing regulations related to tax law and other regulations for the production of certain annual financial reports, he questions whether nonprofits should also consider the citizenry at large as a stakeholder. In particular, Lee suggests providing general retrospective information to the public at large on the recent performance and activities of an organization. Greater examination of this idea might build on the practices of some non-profit organizations that already see their reporting duties encompassing an obligation to report directly to their constituents, in a client and community friendly way.

Given the new arrangements of social service provision, and the impacts it has had on non-profit organizations, it appears that the issue of accountability reform takes on some urgency. As it stands, a wide array of social welfare activities including: community health initiatives, settlement services, employment services, social supports and housing related

services have been transitioned to the non-profit sector. What should be of concern to citizens, and the users of these services, is the degree of input they have into the services they may one day have to rely on. This is particularly true in light of the fact they may have limited means to address grievances or to correct problems when services fail as they are distanced from direct democratic recourse, as well as traditional mechanisms of administrative and procedural justice. What becomes clear is that little is known about accountability to clients in the non-profit social services sector.

While the restructuring of the state has posed risks and challenges for the non-profit sector, a second transformation sees non-profit organizations as significant social and economic contributors. Not only have they become recognized as experts in social service delivery, they are increasingly being recognized as a part of a much larger “social economy”. This recognition has two potential positive impacts. It could provide non-profit organizations with greater respect, and, it could serve as the basis of inter-sectoral alliances among social economy players.

Although the concept of *social economy* is still unclear, Mook, Quarter and Ryan (2010: 12) identify that non-profit organizations, community economic development organizations, social economy businesses and public sector non-profits are part of a civil society sector that share similar characteristics that may serve as the basis for collective action to promote policy change. The conceptual framework developed by Mook, Quarter and Ryan to demonstrate the sector’s commonalities, include:

- Social objectives in the mission statement, meaning the organization was created to meet a social need as expressed in its objectives and including a charitable status and mutual aid for a membership;

- Social ownership, meaning that the assets belong to no one in the traditional sense but are analogous to a social dividend that is passed from generation to generation;
- Volunteer/social participation, meaning that the organization function at least in part (for example, its board of directors) on the volunteer contributions of its members and others who engage themselves through the organization;
- Civic engagement, including democratic decision-making, meaning that the organization serves as a mechanism for people to connect with each other in a positive way (13).

The potential for engagement among the organizations comprising the social economy is still largely unexplored but leaves open the distinct possibilities for collective action in regards to effecting change in an overstressed sector.

The Multiple Dimensions of Non-Profit Accountability

Given that one recent analysis suggested that “non-profit accountability involves some ninety different components: accounting for ten different resources to as many as nine different types of stakeholders” (Candler and Dumont, 2010: 272), it should be noted upfront that non-profit accountability is multi-dimensional and complex. Given the identified complexity of accountability in the non-profit sector, the primary objective of this section is to provide a basic outline of accountability frameworks, as well as identify and explain the main concepts and principles of non-profit accountability.

James Cutt outlines the traditional, two-fold process of delivering non-profit accountability. He highlights that the non-profit accountability process contains an element of *procedural accountability* in which organizations “demonstrate that resources have been used, and their use reported, in the specified manner” (1982: 312) and an element of *consequential accountability*, related to “performance in the use of scarce resources” (314). Together,

measurements of inputs and outputs, in combination with vague notions of results, determine “value for money”.

According to Cutt, there are limitations to this type of accountability process in that this process does not convey a sense of “worthwhileness” about what is actually being offered. He notes that the “bottom-line” of non-profit organizations are often intangible objects. These may include such things as opportunity, personal empowerment and social capital, which by their very nature make them subjective and difficult to measure. In relation to this problem, Cutt identifies that the issue of “worthwhileness” can be resolved using a “political process” disassociated from client needs, or a “consumer demand” approach where the client driven demand for the services becomes the benchmark for measurement. Cutt’s examination of financial and contractual accountability has primarily focused on administrative and political accountability; however, it neglects other aspects of accountability. In addition to offering services that users want, there is the “responsibility for moral, professional, and ethical dimensions of service, which means that they need to be answerable for the quality of their services as well as for the quantity of services” (Ott and Dicke, 2012: 297).

Lehn Benjamin identifies the other important components of non-profit accountability systems. He states that organizations are typically required to provide two specific types of accounts, those that “(a) verify that one has met agreed-on expectations (a verification account) or (b) explain one’s actions when explicit and implicit expectations are not met (an explanatory account)” (2008: 206). Benjamin further suggests that the explanatory accounts are crucial components to maintaining external stakeholder relationships. He notes explanatory accounts have an ability to preserve existing relationships when deficiencies arise;

provide a means of re-adjusting expectations when those expectations are unrealistic, and help maintain legitimacy in the eyes of the stakeholder through the explanations they provide. Conversely, however, the rejection of an explanation could mean the end of the relationship (212 – 217).

Non-profit accountability frameworks are a fairly recent phenomenon that only began to emerge within the past thirty years. Typically they involve two axis by which analysts can determine “to whom”, and “for what”, non-profit organizations are accountable. The ‘to whom’ accountability aspects identify stakeholders who either influence the action of non-profit organizations or are affected by non-profit actions. Brown and Moore (2001) identify the primary non-profit stakeholders as clients, donors, experts, regulators, partners, constituents, members, the public and media. The “for what” accountability relationship in non-profit organizations generally focuses on financial accounting, governance procedures, performance and mission. The “for what” aspects of accountability will be further discussed in Chapter Two.

Within the context of non-profit stakeholder relationships, accountability can be viewed directionally in terms of “*upwards*” to funders; “*downward*” to clients and communities; and “*lateral*”, to internal non-profit relationships and peer relationships (Christensen and Ebrahim 2006: 198-199). The analogy that arises from this conceptualization is that non-profit accountability is delivered in hierarchical terms and is embedded with the dynamics of asymmetrical power and authority. It also suggests and reflects, an early view of non-profit accountability that identifies “the primary source of accountability in nonprofit organizations is in the external environment” (Kearns, 1994: 191).

The actual allotment of accountability between stakeholders may be referred to as the *accountability profile* of organizations. Power differentials between stakeholders may have a direct bearing on how accountability is allotted to stakeholders. Given the unpredictability in funding, and the scarcity of non-profit resources, being in a position of upward accountability offers the greatest possibility to exert control over non-profit operations. Upward accountability, expressed in these terms, suggests that governmental stakeholders can set the contractual terms, and the means and mechanisms of accountability. A common consequence of this type of accountability is an ability to skew organizational accountability profiles toward funders at the expense of other stakeholders. While non-profit organizations could contest the mechanisms of accountability imposed upon them, they run the risk of funding withdrawal, and, real or perceived threats to organizational survival.

A major concern for Christensen and Ebrahim in *How Does Accountability Affect Mission? The Case of a Nonprofit Serving Immigrants and Refugees* (2006), was the potential impacts of intensive upward accountability on downward and lateral accountability, as well as the missions of organizations. In the study they conducted, it was demonstrated that staff within non-profit organizations sees the utility in upward accountability when it assists them to achieve organizational mission. Second, they suggest that accountability can be improved when the environment empowers and supports staff. The benefit of expanding mechanism of lateral and downward accountability is a broadened organizational accountability focus, ensuring better mission achievement. Their study points to the fact that a system of multi-accountability can have a positive relationship with organizational missions.

Christensen and Ebrahim, define lateral accountability as referring to relationships among paid staff, the Board, Mission Statements, Volunteers and Community Partners (198). They identify that different dynamics of control exist for lateral accountability in that the compulsory, externally monitored and enforced accountability of upward relationships, is replaced by a “felt responsibility” where accountability is delivered on a voluntary basis (206-208).

The idea of “felt responsibility”, as distinguished from “imposed accountability”, helps us to understand non-profit relationships with clients and communities. Ronald Fry, in *Accountability in Organizational Life: Problem or Opportunity for Nonprofits?* (1995), explains that “felt responsibility” is achieved through a general belief that “we can be most accountable to that which we truly want to do, and therefore promise to do in an open, non-threatening, supportive forum with others who will not only hold us to our promises but who will be there to help us when progress slows or problems arise” (193). Fry suggests that there are three salient points for creating effective “felt responsibility”: “The first is having a voice. The chance to have direct input into the expectations, standards, and social contracts that are formed increases the ownership of the psychological contract”; “the second issue is *congruence of intent*”; and “the third issue is the *history of exchange* (187).

In Managing Expressive and Instrumental Accountabilities in Nonprofit and Voluntary Organizations: A Qualitative Investigation (2010), Wenjue Lu Knutsen and Ralph Brower define some of the differences in the mechanisms of upward accountability to funders and downward accountability to clients. They cite that upward accountability is focused on *instrumental accountabilities* centered on intensive financial accountability rooted in external auditing and

the mandatory submission of reports. It also provides specific consequences when non-compliance with financial rules or poor program outcomes are identified. On the other hand, *expressive accountabilities*, are usually focused on downward accountability to clients and communities, and are often viewed in the context of providing responsive services, fulfilling mission, and placing importance on a shared set of values for stakeholders.

An important observation by Lu Knutsen and Brower, is that organizations need to maintain a balance between instrumental and expressive accountabilities. They describe the risks of an improperly balanced accountability profile: “when external accounters over demand instrumental accountability, there is a risk of “crowding out” the organization’s attention to mission, losing organizational autonomy, and weakening the pursuit of values. Organizations overemphasizing expressive accountability harm organizational viability and undermine support from resource providers”(609). Despite the equally sobering consequences when instrumental and expressive accountabilities are improperly balanced, they conclude, “We find that expressive accountability is more likely to be traded off due to its characteristically low visibility and lack of external enforcing mechanism.” (609). Associated with the concerns of Lu Knutsen and Brower is the particular way public accounting occurs. Governmental accounting focuses on financial accounting, or market based accounting, that often ignores the social, institutional and legal context, as well as, the subjectivity of the cost concept (Stanton and Stanton, 1998: 201).

If non-profit organizations are to benefit from “felt responsibility” they must do two things. Convince governments to link accountability measures in a way that support

organizational missions and as Christensen and Ebrahim (2006: 197) point out “they must develop methods to scrutinize and build accountability to lateral and downward stakeholders”.

While the importance of accountability to clients in the context of non-profit accountability profiles is recognized, the difficulty of providing accountability to clients in the context of non-profit social service organizations is multifold. Many clients of non-profit services are socially excluded from the mainstream mechanisms of accountability, and, are often marginalized and disadvantaged in the pursuit of accountability. Clients are not generally members of the organizations from whom they seek services, but are the external consumers of the services that these organizations provide. They have no formal power as they frequently do not have a funding relationship with the organizations that provide them with services; nor do they possess market style consumer power, as they generally do not pay for the services they receive and have limited choices in terms of seeking out competitors. In many instances, what they must rely on is the sense of obligation these organizations have toward fulfilling their mission goals. Given the location of non-profit services outside the realm of the public and private sphere, the recipients of non-profit social services do not readily align themselves as “rights bearing” citizens accessing a government service, or, a consumer endowed with a pocket full of cash with the freedom of choice to seek out the best bargain at a shop of one’s own choosing.

The literature reveals that too much emphasis has been placed on providing upward instrumental accountability to funders at the expense of accountability offered to organizational peers, clients and communities. While some of the reasons are based on power dynamics, other reasons point to underdeveloped mechanisms of lateral and downward

accountability that offer alternatives to instrumental accountability. A non-profit accountability profile that focuses too heavily on governments may become part of a politically determined process of worthwhileness and financial accounting that may in the end be counterproductive to organizational missions, the needs of clients and communities and the ability of non-profit organizations to “do good”.

A reasonable goal is for non-profit organizations to seek a greater balance between upward and downward accountability by assessing and implementing tangible mechanisms of accountability to clients and communities that will command respect from both their upward and downward accountability stakeholders, as well as, work in conjunction with their social missions and concepts of “felt responsibility”. By providing comprehensive and tangible mechanisms of accountability to clients, they not only ensure high quality services are delivered efficiently and with integrity, but they ensure clients have a greater voice, providing non-profit organizations greater legitimacy to act as their policy and accountability instruments. As a side benefit, these organizations will, as well, build the foundation for relationships needed to develop more balanced accountability profiles and expand and enhance stewardship over their resources.

Stakeholder Theory, Resource Dependency Theory and Stewardship Theory

Richard Edward Freeman, the pre-eminent scholar in regard to Stakeholder Theory defines stakeholders as “any group or individual who can affect or is affected by the achievement of the organization’s objectives” (Freeman, 1984: 46) and later refined this definition to “those groups who are vital to the survival and success of the organization”

(Freeman, 2004: 42). While these definitions are important, the most important contribution is Freeman's belief that Stakeholder Theory should be centered on managing relationships in such a way that mutual interests are identified and an ethical management strategy develops. In this regard, he notes it is most useful when it is applied beyond principles of narrow self-interests and becomes a management strategy which creates value for multiple stakeholders. (Business Roundtable Institute for Corporate Ethics, Video)

In relation to this thesis, the primary stakeholder relationships examined are those between non-profits and governments, and those between non-profits and clients. At first, the identification of government as a stakeholder appears clear; however looking deeper at the concept of governments as stakeholders, one notes that their stakeholder role becomes more complex. British researcher, David Mayston, in *Principals, Agents and the Economics of Accountability in the New Public Sector* (1993: 76 - 86), identified that when public services are outsourced and offered in non-traditional forms, it raises questions about who is the principal in the principal-agent relationship. In terms of interests, governments may represent the electorate, the consumers of various services or the government politicians in power. This analysis identifies that a single stakeholder may exercise responsibility on behalf of multiple interests.

Paul Collier, in a study of quasi-governmental human service organizations in Australia, *Stakeholder Accountability: A Field Study of the Implementation of a Governance Improvement Plan* (2008) further notes the complexity of stakeholder's relationships. While noting a difficulty similar to Mayston, Collier adds the dimension of "interest variance" between stakeholders. He identifies "the nature of government funding is that it involves secondary

stakeholders whose taxes pay for the service delivery and therefore have an interest in economy and efficiency” whereas, “service recipients are often involuntary in that their need for a service may be a consequence of some social or economic disadvantage which brings them into the realm of service beneficiary” and therefore, “their interest is less with economy and efficiency as with effectiveness in satisfying their need,” (936). Collier develops an argument, in the context of the economic, legal and moral responsibilities of human service organizations, that all organizations have an obligation to *all* stakeholders, despite any differentials in powers or expectations among them (937).

Given the difficulties of addressing both efficiency concerns and broader social concerns, Collier suggests a unique way of balancing societal interests. He asserts that structures of governance within human service organizations should focus on the *different*, rather than *competing* nature of these claims (951). Collier’s conceptualization of stakeholder theory highlights three important points for non-profit organizations. They must acknowledge the different interests of stakeholders, the asymmetrical power between stakeholders, and, that all stakeholder interests have value in their own right.

In terms of explaining non-profit organizational practices, stakeholder theory has been divided in two main camps. Those set in principal-agents theories of resource dependency and less frequently, those based in Stewardship Theory. There has been a growing interest in principal-agent theory in non-profit study resulting from a view that “contextual changes at the national and local level have led to a transformation from governance by authority to governance by contract” (Van Slyke, 2007: 157-158). At the base of Agency Theory are two underlying assumptions: first, there is a goal conflict between funders and the organizations

that provide non-profit social services; and second, there is an imbalance in power and information between contracting parties. These dynamics are believed to create an environment where exploitation can occur. Since governments may not know what non-profit organizations are doing, governments enact controls, via incentives or sanctions, to ensure goal alignment (162).

Van Slyke explains that despite the risks, governments contract with non-profit organizations as they want to achieve reduced costs and obtain enhanced expertise in service delivery. To achieve their goals, governments dictate which inputs, processes, outcomes, quality and satisfaction parameters, monitoring and performance-reporting requirements are required to satisfy their needs, and establish what compensation is to be provided for the services. (162–164). Within this dynamic, especially in larger cities, governments may try and create a competitive environment where non-profit organizations must compete with one another in order to obtain the funding to offer services (160) in which they can achieve the best service and the best price.

While the principal–agent relationship starts when organizations come together to achieve their separate goals, it evolves over time to a situation of interdependence as parties come to rely on one another for either financial resources or social service delivery expertise. Jeffery Pfeffer and Gerald Salancik, in *The External Control of Organizations* (1978: 40 - 43), describe several issues related to interdependence. The intensity of interdependence is often related to the scarcity of resources required by each of the parties. In this case, the *funding* held by governments or the service delivery *expertise* held by non-profit organizations. Interdependence created through contractual exchanges can also create unpredictability for

organizations given that neither participant has formal control over the other and needs based in either financial or social issues, may change. Finally, interdependent relationships will require the leadership within organizations to continually negotiate better terms for the relationship.

While there may be a presumption of balance in contractual relationships this is not always the case. Given a lack of available financial resources for many non-profit organizations and competition for those resources, a lack of equilibrium in contractual relationships may arise. Funding scarcity may result in “coercive isomorphism” whereby organizations begin to look alike, by widely adopting and complying with reporting demands, through an acceptance of external control caused by a desire on the part of these organizations to maintain funding (Vergbruggen et. al, 2011: 8). Furthermore, in deference to external controls and rules, organizations may adopt a stance that denies the use of discretion, flexibility and creativity to avoid risk associated with non-compliance with funder imposed rules (Dickie and Ott, 2002: 468).

Cho and Gillespie, in *A Conceptual Model Exploring the Dynamics of Government-Nonprofit Service Delivery* (2006), developed a Resource Dependence Theory model that suggests resource dependence is a process that takes effect over time. They noted as government funding of human service activities in the non-profit sector increased, so did the number of accountability mechanisms to ensure government’s service delivery expectations were met. They have also suggested that the consequences of resource dependency are most readily felt on less powerful contractual exchange partners. Citing a number of research studies, Cho and Gillespie identified that the consequences for non-profits included: a diluted advocacy

role; displaced organizational goals and missions; a loss of autonomy, and increased overhead costs, and poorer quality services in some cases (500).

Another study based on interviews with senior non-profit staff, concluded that accountability measures related to the new government – non-profit relationships meant non-profit organizations spent more time preparing and negotiating funding and reporting back to demonstrate they had fulfilled funding contracts; were discouraged from innovation and risk-taking by the narrow scope of contracts; required staff roles to be changed to ensure they met audit requirements; and required new initiatives related to performance measurement that were challenging as outcomes were not easily measureable or quantifiable (Phillips and Levasseur, 2004: 457-462). The overall effect was to take away from other aspects of non-programs and activities.

Resource Dependency Theory, as a strategic accountability management strategy, is limited due to its narrow focus on the funder – non-profit relationship. While useful in understanding the impact that differing levels of power and resources may have on non-profit – government funder relationships, theories of Resource Dependency seek to explain organizational behaviour in terms of resource exchanges, frequently in monetary terms, which offers little in relation to improving downward and lateral accountability relationships. Moreover, Resource Dependency Theory contributes little to creating balance and harmony in non-profit accountably profiles. Focusing on the tensions in principal – agent interactions, it assumes agents to be “self-interested utility maximizers who will pursue their own self-interests over and above the wishes of the principal in the absence of threats sanctions or inducements” (Dicke and Ott, 2002:468). Under the principles of Resource Dependency, “the

effective organizations ... are the organizations which satisfies the demands of those in its environment from who it requires support for its continued existence” (Pfeffer, and Salancik, 1978: 60).

The assumptions of Stewardship Theory are quite different. Stewardship theories suggest “long-term contractual relations are developed based on trust, reputation, collective goals, and involvement where alignment is an outcome that results from relational reciprocity”, as a result of “collective, pro-organizational, contractual behavior in which a higher value is placed on goal convergence than on agent self interest” (Van Slyke, 2007: 164) Stewardship Theory operates through “joint discussions on problem formation, decision-making, information exchange, and generally attempting to understand the needs of the steward therefore managing the relationship in a collectively interested manner” (165).

In a *Test: Can Stewardship Theory Serve as a Second Conceptual Foundation for Accountability Methods in Contracted Human Services* (2002), Lisa Dicke and Steven Ott, assert that with the convergence of core values between principal and agent, more cooperative accountability behaviours between the public and the non-profit sectors could result. They cite that both sectors have their social missions, service to the community ethics, and concern for the welfare of others at the core of their shared values. As a result, they suggest “Stewardship Theory may be able to sit alongside of principal-agent theory in some circumstances as a viable conceptual guide for designing and implementing less control – oriented and less intrusive means for government agencies to ensure accountability when human services are contracted out” (465).

While Resource Dependency Theory appears to be an effective analytical tool, it has less appeal as a strategic management tool. Stewardship Theory, on the other hand, outlines a set of guiding principles, and practical steps, to achieve greater co-operation and accountability among non-profit accountability stakeholders. It offers a unique vision, one that looks at common interests as opposed to competing ones. Its ability to offer more than a bilateral narrative between governments and non-profit organizations permits any number of stakeholders to participate in a broadened and expanded accountability to holistically deal with the issues affecting the sector. As the current government – non-profit stakeholder relationship has not been satisfactory, governments and non-profit organizations should seriously consider Stewardship Theory as a basis for creating an alternative accountability system in which both efficiency and effectiveness in a variety of forms, serve to increase public trust.

This review suggests that non-profit organizations have become trapped by the dynamics of resource dependence, seriously jeopardizing their ability to remain a responsive and vibrant aspect of community service delivery. The implication is that non-profit accountability reform must draw on alternatives that present a brighter future for non-profit accountability. Among these strategies are stewardship based models of accountability that can serve to reorient non-profit accountability away from the imposition of external control, to an alternative model where shared accountability, and the mutual interests of an expanded number of stakeholders, reduces the negative implications of the present accountability regime. The benefits of such a model are expanded accountability in which not only financial reporting is a focus, but responsive, highly valued and high quality services also become more

important parts of accountability, and in which, values related to civic participation, transparency, equity, diversity, and fairness receive some prominence.

Accountability at the Policy Table: Who's at the Table and What's Being Discussed?

Much of the early focus of government policy toward non-profit organizations was based on the fact that governments provided many non-profit organizations with tax free status, and in the case of Charities, the ability to issue receipts for the purpose of reducing a donor's tax status. As a result, policies excluded non-profit organizations from profit-making for personal gain, engaging in private benevolence, and conducting activities for political purposes, with the exception of "non-partisan political activities" that directly help accomplish the charities purposes (Canada Revenue Agency, 2008: 5).

During the 1990's, however, the non-profit policy monologue became more complex by a transformation of the state, in which governments placed greater value on non-profit organizations as the providers of independently delivered social services. Analysts (Alexander, Nank and Stivers, 1999; Evans and Shields, 2000; Curtis, 2007) have suggested that during this period, government policy was primarily focused on facilitating the reduction in the size and cost of the state by permitting the downloading of social programs, and social responsibility, onto the sector. At all levels of government this was evident through the reduction of social transfers and expenditures for welfare programs, as well as policies that facilitated private sector contracting for social provision. Governments moved from being service providers to becoming public services enablers, and regulators of privatized and marketized public services (Dunlop: 2006). In 1999, a major review of the non-profit sector noted:

The new realities constitute a considerable blurring between the roles of government, business and the voluntary sector. The private sector has commercialized many goods and services that were once the preserve of the voluntary sector. On the other hand, voluntary organizations, by choice or necessity, have gotten into business ventures that are often in direct competition with private firms. Services that were once the domain of government are now delivered by both the private and voluntary sectors, sometimes in competition, but often working in partnership (*Panel on Accountability and Governance in the Voluntary Sector*, 1999: 6).

The policy dialogue at the national level has revolved around two major initiatives: *The Panel on Accountability and Governance in the Voluntary Sector* (1999), commonly known as the Broadbent Report, and the *Voluntary Sector Initiative*, a multi-year project interested in building relationships between governments and the voluntary sector. The *Panel on Accountability and Governance in the Voluntary Sector* had the mandate to conduct research and present proposals for discussion that would promote accountability and governance within the sector; conduct consultations to get feedback from the sector; and to present a report with the goal to “enhance the effectiveness and credibility of the voluntary sector in its ongoing role of strengthening civil society (ii). The taskforce was also to provide an examination of mechanisms that non-profit organizations would need to build accountability capacity within their organizations. The goals to be achieved were more professional management, accompanied by more reporting.

The final Broadbent Report suggested that both government controls and self-regulation were means by which accountability could be increased. The highlights of the report suggested: better communication was required between different governments; that parliaments should provide better legislative definitions of Charitable organizations; that a new Voluntary Sector Commission should be set up to examine sectoral issues, and that improved

financial management was required to promote accountability and efficiency (Rampersaud, 1999).

The Broadbent Report identifies a jurisdictional problem for the non-profit sector. While the national government has the authority to deal with issues related to the income tax act, provinces have the majority of constitutional powers related to social programs. In *A Response to the Panel on Accountability and Governance in the Voluntary Sector* (Wyatt 2000), one non-profit executive noted that the provinces were excluded from the discussions, making it difficult to make comprehensive recommendations for the sector. A notable failure of the report; therefore, becomes its inability to implement a multi-jurisdictional perspective in its recommendations.

While the Broadbent Report had its basis in a co-operative stewardship approach to non-profit accountability, it focused on a narrow stewardship, addressing the national government and non-profit relationship, without directly consulting the views and input of citizens and non-profit clients, or the provinces that held the constitutional control over social programs. It also set up relationships whereby accountability was filtered through the lens of dollars, where an expectation of both reporting and self-regulated monitoring would be exchanged for renewed or enhanced funding.

The next round of dialogue that informed national policy discussions was the *Voluntary Sector Initiative*. According to the *Voluntary Sector Task Force, Final Report* (2003), the aim of the initiative was to satisfy its promise to build relationships, address capacity issues and improve the regulatory framework for the sector. The initiative contained two major achievements. It produced an accord between the non-profit sector and the Federal

government; and it provided extensive and comprehensive information around issues related to the non-profit sector including: volunteerism, capacity, funding and regulatory matters as well as increased awareness about the sector and its social and economic impacts. The policy impacts of these activities, however, remain unclear.

At the provincial level in Ontario during the mid 1990's, the political context of the Conservative government's "Common Sense Revolution" marked a decline in the generally progressive way that social welfare policies were administered in the province. The negative impacts and consequences for non-profit organizations have been referred to and cited throughout this chapter. The efforts to embrace a new strategy for the non-profit sector in Ontario are found in *The Partnership Project: An Ontario Government Strategy to Create a Stronger Partnership with the Not-For Profit Sector* (2011). It documents the outcome of eight months of collaborations between government and the sector. The effort resulted in a recognition that greater collaboration between the government and the non-profit sector was needed; that policy and legislative frameworks could improve non-profit effectiveness; that better funding would permit greater financial security and flexibility; and that methods to increase the coordination of policy, research, communications and practice were required (4).

In the current collaborations, we see a repeat of many of the issues raised at national round tables nearly a decade ago. The major themes emerging from these consultations were: the sector's continued struggle with *capacity*; its insufficient respect and recognition; and, the need for processes to ensure stream-lining, consistency in practices and accountability measures, in addition to the need for participation in policy development (8). Although the report provides a useful analysis of non-profit - government relationships, and the current

(unchanged) state of non-profit organizations, it lacks a clear link to social missions and community benefits. Interestingly, the introduction to the report dedicated a section to the economic impacts of the sector, called “Ontario’s Not-For-Profit Sector: An Economic Force”, but lacked a corresponding focus on how not-for-profit organizations benefit civil society in other ways. This missing link leads the casual observer to believe that governments, and their non-profit collaborators in Ontario, have forgotten the real “bottom line” of non-profit social services. The narrow focus of non-profit conversations at the provincial level has fallen into the same trap as their federal counterparts; it does not directly and sufficiently make room for discussions related to community concerns, citizen engagement, or accountability practices and standards required for the users of non-profit services.

A recent study underscores a problem with provincial non-profit policy discussions. “Ontario has taken a silo approach to voluntary sector-government relations, supporting specific ministerial interests and programs with little regard to the collective contributions of the nonprofit sector as a whole” (Elson and Rogers, 2010: 9). Correspondingly, the same report notes, “sustained representation of the voluntary sector in Ontario has been through clusters of regional alliances, ... but until recently there have been few attempts to coalesce around a sector-wide policy issue”(9). This has led Elson and Rogers to conclude, “the absence of a clear, collective voice for the voluntary sector and the provincial government to date has limited the opportunity to develop an ongoing high-level political or policy relationship (9).

The desire for cost savings at the municipal level has not only been demonstrated by increasingly poor relationships with staff and unions over the past decade as public services jobs are contracted out and eliminated, but by an increasing desire to upload social costs back

to the provincial and federal state. At the municipal level, a “double whammy” of public service cut backs and calls to reduce grants and funding to non-profit organizations, become the new risk for non-profit organizations. As local governments call into question the sustainability of municipal government services, as well as their responsibility to provide certain services, an increasingly precarious state is created for both public social service delivery and the non-profit social service sector.

In the local social economy an example of the increasingly blurred lines of the public and private sectors, as well as the creative ways to deliver lower cost to public social services, are manifested in the *Relationship Framework Agreement Between the City of Toronto and the Boards of Management of Ten Toronto Community Centers... (2006)*. The relationship agreement describes a situation where community organizations operate under a hybrid brand of governance where core administration activities are treated like a City Board and the program components are treated like an independent not-for-profit community-based organization. The advantage of course, is that these organizations can receive city funding and can apply for funding like any other not-for-profit organization, making the programs primarily the responsibility of the local community.

A review of accountability by Susan Phillips and Karine Levasseur in *“The Snakes and Ladders of Accountability: Contradictions Between Contracting and Collaboration for Canada’s Voluntary Sector (2004)*, identifies the underlying tensions in the government - non-profit relationships: conversations are skewed by neo-liberal policies. In particular, they identify that New Public Management practices, in the form of contracting with non-profit organizations, became a public policy instrument that replaced unconditional grants. The consequences of

ridged contracts were a diminished non-profit voice and an aversion to discretionary decision-making, creativity and innovation that were once the trademark of the sector. These tensions are compounded by the findings of another study which suggested government managers placed a higher value on the “public interest”, while non-profit managers place greater value on providing “individually sensitive service and social compassion” (Rasmussen et al, 2003: 124).

The challenge for non-profit organizations is to become more than instruments of the state under policies of neo-liberalism and practices of New Public Management by organizing themselves into influential and effective policy players that produce policy results that benefit their non-profit missions and the clients they serve. Governments for their part, need to put forth a concerted effort to determine how citizens see and utilize non-profit services and determine what citizens and the non-profit sector require in terms of their own unique accountability needs.

This review of public policy collaboration in Canada demonstrates that the policy realm has been dominated by repetitive, exploratory attempts to understand and describe the sector and define the parameters of a satisfactory government - non-profit relationship. Policy discussions need to evolve beyond fact finding discussions and isolated advocacy relationships and engage in sector wide discussions about issues including those related to missions, visions, communities and the users of non-profit services.

The Environment of Accountability in the Non-Profit Sector

This chapter has examined non-profit accountability from four distinct frames: the unique nature and qualities of the non-profit sector; existing accountability frameworks and

concepts; theoretical frameworks of Stakeholder Theory, Resource Dependency Theory and Stewardship Theory; and finally, the political environment where governing realities, societal pressures, and non-profit needs converge. This analysis highlights the fact that the contextual environment of accountability in the non-profit sector is incredibly complex and intrinsically linked to a number of broad factors and considerations.

While non-profit organizations are widely accepted to be an integral part of society, offering unique benefits to individuals, citizens and communities, they find themselves confronted by changing dynamics. One transformation for the sector involved a move toward becoming a much larger provider of the social safety net, as governments continue to be downsized and outsourced and the jurisdictional boundaries of the public, private and non-profit sectors crack and crumble. Along with this transformation came the burdens of increased accountability. The methods chosen by governments to accommodate accountability in reorganized services, in outsourced formats, are increased financial reporting and performance measuring, to ensure both financial integrity and results. A second more beneficial, transformation within the sector is its recognition as an economic force within a larger “social economy”. This change affords the non-profit sector financial respect and an opportunity to build alliances to affect positive policy change that could potentially undo some of the negative consequences of government contracting.

In the context of the neoliberal reformation, accountability frameworks in the non-profit sector have become preoccupied with ensuring accountability for taxpayer dollars through compliance with imposed contractual funding requirements. Principal-agent frameworks provide a ready explanation for problematic relationships. Contracting has been

based on theories that promote mistrust and presumptions of misaligned interests. While stakeholder theory provides a basis for ethical strategic management of resources, those in charge of ensuring non-profit accountability have been unduly influenced by the application of regressive principal-agent theories in which governments have demanded contractual and regulatory obedience in exchange for funding. While compliance permits short term organizational survival for non-profits, it has the potential to morph non-profit organizations into hollow shells devoid of discretion, innovation and creativity. The imposition of excessive financial reporting has been countered by efforts from the non-profit sector service providers to try and reduce the negative consequences of the new conditions of funding.

Given the new realities, accountability discussions have been directed upward to government funders and have focused on financial accountability and administrative issues, often at the expense of other stakeholders, especially clients and communities who possess other accountability needs. The alternative to what currently exists, is contracting based in Stewardship Theories where collective goals and mutual exchanges, expressed through joint meetings and joint decision-making, become a source of increased social responsibility and “felt responsibility” among accountability partners and collaborators. When accountability is viewed as an adversarial, bilateral relationship between governments and the non-profit sector, it focuses on self-interests and competing goals, financial or social, rather than mutual interests. Additionally, it largely ignores the potential benefits that could be provided by expanding accountability discussions to include the client and community voice (and their contributions, ideas and interests), which to date, have not been sufficiently considered and

expressed. The benefits of expanded and co-operative accountability, is holistic accountability where many stakeholder needs are met and added accountability value is achieved.

Non-profit organizations have been subject to policy regimes that impose the supremacy of government values over their own. Coercive dependency has impeded collaboration and partnership. The “circular” discussions at “round tables” suggest that the sector has not forcefully enough articulated the need for funding and accountability reform. Roundtable discussions are also missing voices. At times, they are missing voices that relate to social missions and non-profit objectives. Sometimes, they are missing the inter-jurisdictional voice that permits recommendations to become realities at different levels of governments. Most often, however, they are missing the voices of service recipients. Non-profit organizations must realize that to become the legitimate delegated voices of their clients, they also need to provide client stakeholders greater mechanisms of accountability so their voices can be heard. This is particularly true where their clients have become disenfranchised, disassociated or disentitled from the traditional means and mechanisms of accountability in the public sector.

This strategic overview provides a backdrop to my main thesis which calls for a more balanced accountability profile where clients receive greater accountability, and have more voice in non-profit operations. This paper will confirm, challenge and demonstrate the limitations of many of the conceptions and premises upon which non-profit accountability is based and suggest a new model of accountability where enhanced stewardship over scarce non-profit resources is enabled. It advocates and invites holistic discussions of accountability, in both its instrumental and expressive forms, between governments, the non-profit sector, clients and communities.

CHAPTER TWO

What is Accountability to Clients?

This chapter is a descriptive analysis of the different elements and forms that client focused public management has taken in Canada in order to provide citizens with responsive and accountable public services. It reviews client focused Canadian government initiatives at the Federal, Provincial and Municipal levels. It also examines British systems of public service management which was the starting point for client focused services worldwide. Under the British system, the consumers of public services were deemed to possess rights as public service users and as citizens. The chapter also provides a brief glimpse of accountability to clients in the non-profit sector. Currently there is little descriptive literature on how accountability to clients is conceptualized in the largely independent organizations of the non-profit world.

The review is intended to generate some ideas for those non-profit organizations wishing to audit or build upon their accountability mechanisms for clients. The information contained in this review also served as the basis of a survey checklist, within which, a sample of Toronto non-profit organizations identified what means they utilized to deliver accountability to clients. The chapter ends with some early and tentative principles in which a framework of accountability to clients of the non-profit sector might be developed.

Accountability from the Perspective of the Canadian Government

In 1998, a *Citizens First* report was released after collaboration with senior officials in all three levels of government, and broad consultation with the public. The report set out the Canadian government's client service objectives from a client focused point of view. The *Citizens First* report determined that citizens seek out services when they have particular needs and approach service providers with expectations of having those needs met. It also noted that citizens expect services to be accessible and easy to use. In particular, the report identified that there were five drivers of client satisfaction: timeliness, competence, courtesy/comfort, fairness and outcome. As a result, it was determined that clients had specific expectations in regards to the services they received, and that specific standards of client service should be established. The report recommended that governments needed to become citizen-centered in their approach to service delivery, barriers that prevented people from accessing services had to be removed, citizens' priorities needed to be embraced and the service delivery should aim to achieve high client satisfaction ratings. To accomplish the identified goals, the report noted that the service delivery environment needed to be empowered through training, consultative processes and innovation.

The *Citizens First* principles had a long lasting effect on both government policy and management strategies over the next decade. In 2000, A *Policy Framework for Service Improvement in the Government of Canada* was released. The new plan, to be implemented through a leadership driven approach, outlined that an environment of continual improvement and citizen satisfaction were to become the driving force of service delivery. Client satisfaction was to be achieved by implementing service standards for all key public services; measuring

performance against the standards set, as well as, taking measures to ensure customer satisfaction levels would continually increase from the baseline established in the *Citizens First* customer satisfaction and quality performance drivers.

Around the same time the new policy framework was announced, a new management strategy was also announced in, *Results for Canadians: A Management Framework for the Government of Canada (2001)*. The service delivery Management Framework contained four management commitments: to build a "citizen focus" into all government activities, programs and services; highlight the importance of sound public service values; achieve results for programs and services; and, promote discipline, due diligence and value for money in the use of public funds. The first commitment required programs to focus on citizens when designing, delivering, evaluating and reporting on programs. This meant that governments were to take a "bottom-up" approach to service where clients' views about accessibility, convenience, reliability and cost were seen as the ultimate authority on service delivery matters. (Ambrose, Lenihan and Milloy, 2006: 11).

In response to citizens' feedback, the idea of "one stop" service delivery was proposed. Under the "one stop" model, a single entry into the service realm could lead to the resolution of multiple service requests through the integration of multiple programs and services into a single accessible service center or on-line portal. The new Management Framework provided a clear mandate for service providers to collaborate with multiple levels of governments and the non-profit sector in order to achieve the goals of streamlined and efficient service delivery that moved beyond traditional jurisdictional barriers. Additionally, those requiring service would be offered a variety of means to access service, including: mail, phone, the internet, and walk in

centers. Service delivery was to be designed in such a way that it offered choices, was accessible, user friendly and convenient.

Working in conjunction with new service mandates, there was a second commitment to implement a set of values in service delivery environments that respected democracy, as well as ensured high professional and ethical standards. Public servants were to embrace the values of integrity, trust and honesty, and, the professional ethics of continuous improvement. Those delivering services directly to the public were directed to employ “people values”, which meant they were to demonstrate the qualities of courage, decency, responsibility and humanity through conduct that reflected respect, civility, fairness and caring. Values of openness and transparency were also to be adopted to enable an assessment of how well government services were achieving their goals in terms of both costs and impacts.

As visions now extended beyond federal jurisdictional borders, there were also attempts to create values for responsive and efficient services across jurisdictions. At the Federal level, this meant developing agreements with different jurisdictions. *An Accord Between the Government and the Voluntary Sector* (2001), for example, ensured cooperation through the development of shared objectives, such as: “active citizenship, democracy, equality, diversity, inclusion and social justice” (7). As a country with diverse regional and cultural interests, the nature of Canadian federalism required that flexibility be permitted in delivering services. The Federal government ensured that local needs were accommodated through the use of asymmetry in programs. Collaboration became an important element in local service design, and, bilateral and multilateral service agreements were the instruments that created a common contractual understanding between jurisdictions when flexibility was

applied. As a method to ensure the public trust, written agreements often encouraged shared responsibility for transparency, high standards of conduct, sound management practices as well as the monitoring and reporting of results.

The third promise of the new Management Framework was a greater focus on performance and results. The Management Framework identified that “a modern management agenda requires managers to look beyond activities and outputs to focus on actual results - the impacts and effects of their programs” (Treasury Board of Canada: 2000). The Framework took a new focus on openness and transparency in order to permit analysis and assessment. Not only were strengths to be recognized, but weaknesses were to be identified to permit continuous improvement. This new approach was reflective of a trend around the globe in which performance measurement became a key management strategy.

The last commitment of the citizen-focused accountability agenda was to promote discipline, diligence and value for money in the use of public funds. A requirement of “responsible spending” included the reallocation of funds as priorities and services changed, as well as, greater alignment of spending with the strategic missions and objectives that were laid out for departments. The responsible management also meant that there must also be “a proper environment of control”(Ibid). The reality was that, if scarce resources were not properly managed, there would be consequences for what actually could be offered to citizens.

The most recent iteration of the *Management Accountability Framework: Methodology for 2010 -2011* (2010) shows the evolution of the citizen-focused service agenda. The concept has evolved into a management tool in which the goals and objectives of citizen-focused services are presented in a format that provides criteria to later assess the objective

achievement of goals. The updated Management Framework provides more direct links to performance measures. The citizen-focused agenda is also more directly linked to public policy goals such as delivering value for money, producing high levels of client satisfaction and promoting confidence in government. The current Management Framework further identifies a focus on sound management practices, in conjunction with a client focus, to ensure accountability in the delivery of services and programs.

Apart from identifying the new priorities of the new federal approach to management, the new Management Framework highlighted that service users had multiple interests. It noted that service users were: *citizens* who expect fairness, equality and reasonable treatment; *clients* who have expectations of effective and responsive services; and *taxpayers* who have concerns with affordability, cost-effectiveness and sound stewardship of resources (Treasury Board of Canada: 2000). This meant service users required broad accountability. The Management Framework, therefore, promoted responsiveness, participation, performance, openness, communication and respect for diversity as well as an appreciation for budgetary constraints. For public servants, it meant they were empowered with both responsibility and authority to deliver on service commitments under the guidance of clear codes of conduct. The overall goal of the new service objectives was to deliver on a vision of excellent customer service that would be reflected in high client satisfaction levels.

While the early versions of the Management Framework provided expert guidance on how public servants could achieve the goals of the new Management Framework, it failed to impose effective oversight and controls for newly empowered civil servants. In 2006, the *Federal Accountability Act*, responding to a series of public scandals, took action to ensure

integrity in public administration. The *Federal Accountability Act* ensured public resources were being used efficiently and effectively, that governments were motivated by public interests; and that high standards of ethical conduct were the guides for government decision-making.

The provisions of the *Federal Accountability Act* created a new Conflict of Interest and Ethics Commissioner, a public sector Integrity Commissioner, a Procurement Ombudsman, and an expanded role for the Auditor General to conduct more extensive investigations in new areas, as well as follow the path of financial transactions. In specific regard to financial reporting, Deputy Ministers were required to provide direct accountability to Parliament and to follow enhanced financial accounting procedures. There were also new regulations regarding lobbying, fiscal transparency, and whistle-blower protections, as well as, greater mechanisms for investigation, enforcement and sanctions when public officials violated established rules.

This review of the Canadian government's approach to citizen-focused service identifies several areas that should be considered central to providing accountability to clients. It identifies that service users expect to be consulted about, and engaged in, all phases of service delivery. In terms of their own requirements, clients require easily accessible, effective and responsive services that meet their needs. When government funds are used to provide services, service users are also citizens, who have rights. Additionally, as taxpayers, clients may also have interests in efficiency.

Accountability from the Perspective of the Ontario Provincial Government

In Ontario, *Service Ontario* is a major provider of government services. The *Service Ontario's Service Principles* (2010) indicate that all residents in the Province should expect caring and considerate service delivery and high quality and cost-effective services that are responsive to their needs. Service Ontario commits to offering services in a variety of formats and providing reliable, accurate and updated information about its programs. In addition to a Customer Experience Office which helps customers to report and address issues, Service Ontario specifies that service users have the right to "fair and unbiased service", a clear explanation of decisions, a review of any decision made, as well as, a promise of security for all private information collected. In an easily accessible internet format, Service Ontario has posted, *Our Service Standards* (2011), in which they stipulate their service delivery standards relative to such issues as privacy, the provisions of bilingual service, as well as their complaint processes and procedures. Service Ontario reports that it consults with its customers quarterly through province wide satisfaction surveys, independent customer service agencies and feedback provided by clients when assessing services, to ensure service expectations are being met.

Ontario has focused on improving services through a specific means, an "*e-Government Strategy*". The Ontario Ministry of Government Services' "*e-Government Strategy*" (2011), proposes to transform service delivery by giving their clients and citizens seamless, simple, accessible, transparent and accountable services, that provide better value for Ontario taxpayers. The *e-Government Strategy* articulates that the internal management of government will become more integrated and connected and that government will be better positioned to engage the broader public sector and citizens. The components of the *e-Government Strategy*

include a policy and legal framework which ensures privacy; the development of a governance and accountability practice to facilitate collaboration and coordination of services within, and outside, of government; the development of a common internet technology infrastructure that promotes consistency between departments and agencies; the implementation of standards and best practices; and the enabling of internet technology in a way that can be understood and standardized across all ministry - client relationships. The strategy is also designed to promote common reporting and impact assessments practices across sectors. Among its lengthy list of purported benefits are better service quality, enhanced value, greater citizen trust, increased client satisfaction, and economic growth. The *e-Government Strategy* is a highly integrated approach with goals of increased standardization, performance, reporting and accountability.

The potential for e-governance as a basis of increased client engagement and as a means of providing greater transparency has some merit. As the *e-Government Strategy* has the potential to deliver new technological tools to assist with non-profit governance and communication, it may also deliver benefits to non-profit organizations. Nevertheless, non-profit social services are highly individualized and efforts to streamline procedural, performance and impact information may be counterproductive to the goals of diversity and individualized service provision. It is also unknown if the development of the new technological reporting tool will be integrated in such a manner to permit a single entry to achieve multi-jurisdictional reporting.

Accountability from the Perspective of the City of Toronto

The Toronto *Public Service Charter of Expectations and Values* sets the internally focused expectations for civic employees. The *Charter* delivers the following expectations: municipal employees must act with integrity, apply appropriate judgment and discretion, serve the public well, serve Council and the public service well, maintain political neutrality, and use city resources appropriately. The City's ethical codes are supported by an integrity commissioner, ombudsperson, and auditor. The City's value system is expressed in a value framework with the context of: *service*, by planning for improvement, doing the right thing at fair costs, adapting and innovating to meet changing needs and balancing and protecting the needs of individual and communities; *stewardship*, by using resources wisely to maintain and create a livable city and balancing economic, social and environmental interests; and, *commitment*, by servicing the public with skill, knowledge and respect.

The City's internally based value system is externalized through goals, posted in the *City of Toronto Customer Service* document, to deliver "exceptional, equitable and accessible customer service". All of the City of Toronto's divisions are required to have documented service standards that detail timeframes in which service requests are to be actioned and correspondence answered, as well as, how complaints can be lodged in regards to City programs and staff. It also specifically outlines what citizens should expect in terms of the complaint process.

Toronto governance goals of *service, stewardship and commitment* are reflected in the *Toronto Public Service People Plan: 2008 – 2011* in which public servants and public service candidates are aligned to five stated principles. These principles include a commitment to

continuous learning; safe and healthy workplaces; attracting and retaining a skilled, high performing, diverse workforce; strong and effective leaders; as well as a positive workplace culture. The *Toronto People Plan* has a focus on effective governance, and, a management plan that promotes the internal conditions necessary to deliver efficient and effective services.

The City of Toronto service and accountability standards are not unlike their federal and provincial counterparts. They clearly spell out guiding principles for government services and the strategic use of resources. The standards identify the values and human resourcing principles that must be present for effective service delivery and set out service standards by which citizens can benchmark their own expectations. Finally, they provide for effective oversight in which official actions can be scrutinized and sanctions applied when necessary.

Accountability from the Perspective of the British Government

In many ways, the British perspective on service delivery is the most comprehensive and most recognized effort to deal with the accountability issue from the point of view of service users. The British government took major steps to advise British Citizens of what they could expect to receive in terms of the public services through the development of a *Citizen's Charter* (1991). The prime aim of the Charter was to create responsive and accountable public services.

The White Paper, *Service First: The New Charter Programme* (Cabinet Office, 1998), offers a retrospective look at the *Citizen's Charter*. The document cites that the goals of *Citizen's Charter* were to explicitly outline standards of service so that they can be consistently improved upon. Information about programs and services was to be uniform and comparable, readily available and written in plain language. It spelt out that services should be delivered

without discrimination and information should be printed in minority languages when a need is identified. Services were to be assessable and offered in ways that suited citizens. As a goal, it was identified that choices should be available for public service recipients (to the degree that was possible) and that the views of service recipients should be sought to determine what types of services should be provided. In terms of accountability, the White Paper identified that the *Citizen's Charter* promoted transparency in operations and required those delivering services to be readily identifiable. The White Paper also points out that under the *Charter*, citizens had access to a well-publicized complaints procedure and when things were wrong, the *Charter* set an expectation that they should be put right.

While the *Citizen's Charter* may have set out clear expectations for both public service providers and their clients, in an examination of the *Citizen's Charter*, Gavin Drewry in *Citizens as Customers – Charters and the Contractualisations of Quality in Public Service (2005)*, notes it was not quite the panacea for accountability issues in the public sector. He states the *Citizen's Charter* originates with New Public Management principles, where new systems attempted to create perceptions of greater value for money, in an environment where there was much less money to spend for services. He suggests the *Charter* set up a dynamic where empowered citizens were encouraged to look more carefully at the quality of service, and question the face value of what is said, by complaining to overburdened, poorly trained front line staff, with a net result of creating distrust. Drewry also highlights a reality, when he cites that entitlements may need to be balanced against reciprocal social and civic obligations. Drewry also suggested other problems with British Charters are that: standard setting was unilaterally determined by the provider; the language employed was difficult to understand, monitoring was problematic and

there was no legal enforcement for failure to deliver what was promised. Nonetheless, it did provide citizens with the means and tools to assess whether they were served within a framework established by departments and agencies, and provided clear expectations that all complaints were to be reviewed and acted upon. While the message of the *Citizen's Charter* was good, the actual outcome and motivation of any accountability program will require deep reflection.

In the next iteration of public service accountability in Britain, *Service First: The New Charter Programme* (1998), new service standards were introduced. These included:

- standards for responding to correspondences;
- punctuality for appointments;
- clear language expectations for program and services;
- ensuring contact information is provided for telephone inquiries;
- consulting users about services;
- results reporting;
- complaints procedures; and,
- making services available to everyone who needs service including those with special needs (Cabinet Office: 1998: 37 -38).

In 2004, a *Charter Mark* award program was developed by the British government to provide recognition for organizations that provided excellence in customer service in the public services. The *Charter Mark* was awarded to organizations that set standards and performed well; actively engaged with customers, partners and staff; was fair and accessible to everyone and promoted choice; continuously developed and improved upon itself; used resources effectively and imaginatively; and contributed to improving opportunities and quality of life in the community they service (Cabinet Office, 2004: 20). The program focused heavily on

external assessment of results with clearly delineated criteria and measures for performance set out extensively for each recognition category.

In 2008, the program transformed adopting a new name, *Customer Service Excellence Standard*, in which the primary goal became “understand the customer” (House of Commons: 2008, 14). Under the new program were new categories for assessment: “Customer Insight”; “The Culture of the Organization” comprising of a client focus; “Information and Access” comprising of effective communication; and, “Delivery” in the context of how service is delivered and how satisfying the end result was for the customer. Customer satisfaction ratings were to be employed to measure internally established benchmarks in a manner that permitted clients to use their own goals and assessments to formulate their ratings.

Recognition Awards provide a means of external scrutiny. To be eligible for an award, organizations are required to demonstrate their achievements to outsiders. External reviews of operational activity not only serve as a potential base for improving services, it provides a basis of comparative evaluation, and, a forum in which standards can be reviewed and best practices established. By submitting themselves to independent external reviews, organizations stood to be recognized in such a way that the recognition produced external credibility.

From the 2008 report entitled, *From Citizen’s Charter to Public Services Guarantees: Entitlements to Public Services*, a further evolution in accountability is seen under the British system. Earlier efforts to create service standards and expectations are now being used to create service entitlements. The new entitlements suggest British citizens are now empowered with a quasi-legal service rights. For the future of the public service promise, the British government is now suggesting that entitlements become guarantees that “specify the

minimum standard of service provision that service users can expect, and set out the arrangements for redress that apply should service providers fail to meet the standards promised” (21). It further suggested that the creation of Public Service Guarantees be continually evolving documents that can address changing needs and entitlements. The enforcement of standards and the requirement of redress ensure organizations strive for compliance with standards. The new approach is seen as empowering people in the use of public services. Of note, is a clear change in language from service user as a customer, to service user as rights bearing citizens. Under this new and emerging model, the report cites the key questions to consider are: How can government and public services handle and learn from complaints?; How public service providers can work together with service users in the design and delivery of services?; and, How standards of service could be set in order to guarantee minimum levels of service provision? (8).

Accountability from the Perspective of the Non-Profit View

While the development of accountability in the public sector has been a top-down process where governments established the parameters of accountability for its own civil service and for clients, in the non-profit sector, accountability has often worked from the outside in, meaning a great deal of non-profit accountability has been imposed. In exchange for advantageous tax status, non-profit organizations have generally been required to be accountable for:

- establishing mission and/or policy priorities and ensuring their relevance;
- the proper fiscal management of donated funds;
- organizational governance; and,

- the quality and range of their programs and services.

(Canadian Fundraiser 1998)

Over the last decade, the non-profit sector has embarked on several collaborative efforts to respond to ever increasing demands for accountability. In 1999, the Broadbent Report, apart from addressing a host of operational issues, invited greater financial accountability and greater reporting in order for the Federal government to be more at ease with dispensing funds to the sector. An idea emerging out of this report was that a central body should be established to evaluate the sector and act as an information sharing center, which among other things, would promote best practices. This end result however, was not realized. In 2003, however, the Voluntary Sector Initiative further enhanced accountability by entering a non-binding code of good practice for funding and policy dialogue.

In 2007, the Federal Blue Ribbon Panel on Grants and Contributions released a report, *From Red Tape to Clear Results*, that resulted in suggestions of streamlined Federal funding and added further accountability measures to the non-profit accountability regime. It was recommended that greater oversight was necessary for funds leaving government to ensure funded recipients clearly identified program objectives, defined service standards, set realistic performance measures, ensured a citizen centered focus, followed simplified yet improved reporting, and underwent annual audits in exchange for grants and contracts (Treasury Board of Canada Secretariat 2007). The overall focus of the recommendations was to provide greater focus on, and monitoring of, the use of government money and ensure its use was in accordance with the principles of sound management through the development of internal government processes and external non-profit practices.

A more recent attempt to ensure accountability in the non-profit sector comes from the sector itself. In 2009, Imagine Canada, a national charitable organization for Canada's charities and non-profits, proposed a non-mandatory *Voluntary Sector Standards Forum* in which member organizations could voluntarily participate in accreditation to announce their compliance with the established standards set by the new Forum. The Imagine Canada Standards Counsel (2009) identified that standards can:

- improve the practices and increase the effectiveness of organizations;
- promote transparency and accountability in the sector to help maintain public trust;
- promote existing good practices and build a community of voluntary sector organizations; and,
- stave off further government regulations.

The Standard's Project of Imagine Canada is currently being rolled out with focus on five primary areas: governance, financial accountability, fundraising, staff management and volunteer investment (Imagine Canada: 2012). The impact this development will have on delivering accountability directly to clients will need further assessment as the program evolves.

Vladislav Valentinov, in *Accountability and the Public Interest in the Nonprofit Sector: A Conceptual Framework* (2011) identifies that accountability in the non-profit sector has taken on specific forms. The context of non-profit accountability has focused on social missions, in which mission achievement is often used as a measure. With the devolution of the state, efforts have been made to align the non-profit organizations with democracy building, civic participation, and the production of social capital (Valentinova, 2011: 39; Anheier 2009). This

suggests that service users are increasingly becoming viewed as “generalized citizens”, minimizing individual needs, as non-profit accountability becomes more aligned with greater public interests. Secondly, it suggests individual clients and communities may receive less accountability as the focus becomes the greater public good. In the traditional non-profit sector, where diversity and the provision of individualized services have been at the basis of service delivery, this observation should be duly noted to assess the possible impacts on the individuals and communities they serve.

In, *Accountability, Strategy, and International Non-Governmental Organizations* (2001) by David Brown and Mark Moore, accountability is contextualized as a “relationship among two or more actors” in which there is “a promise to do something” (3). In the context of the international non-profit organizations they examined, they identified that the non-profit organizations studied took on three roles: welfare and service delivery; capacity building for self-help; and, policy and institutional influence (16). In the context of these roles, Brown and Moore suggested that organizational accountability is changed when an organization “commits to working *with* rather than doing *for* clients” (20). In the capacity building aspect of non-profit operations, Brown and Moore suggest that organizations must “commit themselves to more accountability to their clients” (20). The practical implications of this are that clients must be free to define their own interests and development needs; and, organizations must create value in services by focusing on clients as opposed to the desires of other stakeholders. The benefits and impacts are that clients are more likely to invest in programs that focus on their needs, and through achieving success, are likely to become more empowered in resolving other personal and community issues (20). The other observation to be made is that non-profit organizations

must advocate for their clients through the use of policy influence, if clients' self-determined needs are to be considered and met.

Given their unique nature, non-profit social service organizations have special accountability obligations to their missions and service beneficiaries, over other stakeholders. As Brown and Moore point out, "donors seek results that may or may not make individual clients better off in their own subjective terms" (18). It is reasonable to suggest therefore, that non-profit organizations have special accountability obligations that require them to balance the tensions and interests of multiple stakeholders and ensure risks to missions and service beneficiaries are managed. In line with this reasoning, ***non-profit organizations have an obligation to account for their accountability profiles.***

Currently, the literature on accountability to clients in the non-profit sector is scant and the non-profit sector would be well advised to create a comprehensive database of information relating to accountability for clients. In the public services, with its mantra of citizen's charters and citizen-focused services, and in the private sector, with discussions around consumer rights, corporate responsibility, community participation, and ethical capitalism, there has been growing focus on accountability to individuals and communities. If the non-profit sector is to keep pace with these modern trends, it needs to find and develop its own brand of accountability to clients that is both respected and highly visible or risk falling behind the trend.

A Framework for Accountability to Clients (Five Key Categories)

In approaching accountability to clients from multiple perspectives, it becomes clear that a framework for providing accountability to clients in the non-profit sector could take many forms. For the purposes of this study, a framework of five principle accountabilities has been identified. These include: Transparency and Information Sharing; Engagement; Quality Control and Performance; Professional, Ethical and Practice Standards; and Complaint and Redress Procedures. The categories reflected here are derived from the comparative examination of accountability at the national, provincial, municipal, international and non-profit level. Chart 2.1 below reflects the categories indicated, and identifies the internal and external focus that is required under each category in order to deliver effective accountability to clients.

The categories identified are broad, and in some cases overlapping. In light of the way this list was compiled, the framework borrows heavily from public sector management practices. As a result, a brief outline of each category is provided below with some introductory ideas on how these accountabilities can be tailored to more readily meet the needs of the non-profit sector and its clients. They are a starting point for wider discussion. Many of the ideas presented may not be new to organizations who have been offering accountability to their clients for years.

Chart: 2.1 The Internal and External Focus of Accountability to Clients: A Non-Profit Framework for Client Accountability:

Category of Accountability	Internal Focus	External Focus
Transparency/ Information Sharing	<ul style="list-style-type: none"> • Mission, Vision, Value Statements • Internal Audits • Reporting • Knowledge of Client Communication Styles/Barriers(Language Skills, Transience, Accessibility Issues, etc) • Communication Strategy • Best Practices 	<ul style="list-style-type: none"> • Reports, Newsletters • Use of a Variety of Communication Methods (Posters, Pamphlets, Print, Internet, Media, Annual Meetings, Town Halls Forums) • Plain Language Communication • Interpretation, Translation and Multi-Language Options
Engagement	<ul style="list-style-type: none"> • Stakeholder Identification Process • Community Participation • Outreach Strategy • Listening Approach • Respect for Diversity • Cultural Sensitivity • Flexibility • Network Approach • Partnership • Peer Engagement • Best Practices 	<ul style="list-style-type: none"> • Community Outreach • Expanding Territory (office, client home, community setting, drop-in centre) • Personalized Experience • Client Self-Determination • Identifying Local Expertise • Positive Relationship Building (Courtesy, Comfort, Privacy, Trust Keeping Promises) • Needs Assessment • Consultation/ Collaboration • Sharing Power and Decision-Making
Quality Control/Performance Measurement	<ul style="list-style-type: none"> • Quality Assurance Program • Internal Standards/Self Regulation • Goals/Targets • External Accreditation • Regulatory Compliance • Program Review/Audits • Impact/Assessment Criteria • Tracking Mechanisms • Results Orientation • Environment of Continual Improvement 	<ul style="list-style-type: none"> • Client Focus/Orientation • Client Feedback Processes (Surveys, Town Halls, etc) • Client Satisfaction • Benchmarking • Reporting • Information Sharing • Inter-Organizational Comparison • Positive Outcomes

Professional, Ethical and Practice Standards	<ul style="list-style-type: none"> • Code of Conduct • Values Statements • Legal Compliance • Staff Competence • Staff Supervision/Review Mechanisms • Continuous Learning Environment • Good Governance Practices 	<ul style="list-style-type: none"> • Fairness • Respect • Equality • Confidentiality • Client Self-Determination • Advocacy • Policy Influence
Review Mechanisms	<ul style="list-style-type: none"> • Effective Oversight • Values of Fairness, Equity • Professional Ethics • Service Standards • Conflict Resolution Training 	<ul style="list-style-type: none"> • Complaint Process • Appeal Process • Conflict Resolution Process • Access to Senior Staff • Mediation

Transparency and Information Sharing

Transparency in the non-profit sector has evolved out of legal and contractual requirements to provide financial and/or social reporting in which value for money, performance and results can be assessed. Seok-Eun Kim, in *Balancing Competing Accountability Requirements: Challenges in Performance Improvement of the Nonprofit Human Services Agency* (2005), notes that reporting can take several forms including: financial and program audits, licensures, contract evaluation, ethical code review and outcome based assessments. Kim notes that one of the difficulties with reporting is that different stakeholders have different expectations around the type of information they require. Given funding scarcity, and contractual demands for financial reporting, much of non-profit reporting has centered on complicated, upward financial reporting to governments. While important to ensure continued funding, upward financial reporting offers little in terms of direct

accountability to clients due to its complexity, narrow focus, and lack of relatable interest for service users.

Clients, to achieve their goals, require a distinct and specific type of transparency and information sharing accountability. Reports and information directed toward clients must be presented in a way that is client focused, understandable and accessible. For community organizations, this may mean utilizing a wide variety of reporting and information sharing methods, such as: in person information, posters, newsletters, web sites, community meetings, phone lines and other similar methods. Services should be provided in a way that they are accessible and compatible with one's language of preference, geographic location, physical limitations, technological knowledge and preferred communication method.

While complicated and in-depth statistical and financial information may be important to some users, greater accountability for clients is best demonstrated through the use of plain language and community level information sharing about missions, programs, services and achievements. Given the diversity found within Canada's social environment, non-profit organizations must also concern themselves with communicating in less complex language and offering information and services in languages that service users are likely to understand. This also means offering services in English and French, where practical, to reflect Canada's official linguistic duality.

Engagement

The classic on participatory governance and engagement, *A Ladder of Citizen Participation* (Arnstein 1969), identifies that genuine opportunities for participation increase

inclusion and provide real opportunities for individuals to influence organizational decision-making. The paradigm identifies that the best types of participation are citizen control, delegated power and partnership, in which client participants are empowered to exercise real influence over how funds are allocated, and how programs and services are designed, delivered and evaluated. It also asserts that tokenistic attempts at placation, consultation and informing are not particularly useful to empowering clients or meeting their needs. Worse yet, paternalistic and manipulative attempts at educating clients to organizational ways of thinking are deemed to be non-participatory processes which have no value in terms of gathering client views. From the perspective of this classic, therefore, client satisfaction levels and service responsiveness should increase when client participation in program administration and decision-making occurs. Engagement, therefore, becomes a foundation for accountability.

To provide accountability to clients, non-profit organizations should hold consultations directly with clients, in their communities, utilizing methods that invite engagement and participation. Client and community stakeholders should be direct participants in needs assessments and involved in discussions around program development, delivery and review. Client satisfactions surveys, focus groups and other similar methods should provide evaluative criteria to identify potential issues with service delivery or changing individual or community needs.

Engagement should be a continual process facilitated by a premise of client self-determination, mutual respect, trust and keeping promises. To enhance external engagement, organizations should regularly consult with front line staff to identify trends, new demographics or emerging needs. Organizations should also take advantage of information sharing,

consultation and collaboration opportunities with peer organizations to conduct a broader assessment of community needs and sectoral practices. Organizations have to become continuous learners, and where practical and useful, conduct research in order to better understand social problems and issues as well as the impacts of their work.

Quality Control and Performance

Andreaus, Costa and Ramus (2011) note that performance measurement in the non-profit sector is a subjective, ambiguous task, that usually implies a requirement to assess an organization's achievement of a social goal, or its ability to generate and distribute "social value" for the benefit of individuals and society. As a result, they observe that performance assessments are usually aligned to the organizational mission. Notwithstanding the importance of the achievement of organizational mission as a key performance indicator, Andreaus, Costa and Ramus also identify a reality, as a result of many non-profit funding structures, whereby performance measurement must also concern itself with financial sustainability and economic efficiency. Performance, therefore, must involve both social and financial reporting. According to Andreaus, Costa, and Ramus, performance is not only essential to accountability, but is an essential managerial tool, by which credibility and legitimacy is maintained for a wide variety of stakeholders.

Performance measurement in the non-profit sector comes with many challenges. Standardization of performance measures within the non-profit sector may be difficult as organizations work with diverse client populations with unique group and individual needs. This problem is made more complex by the fact that many non-profit social services

organizations establish individualized service plans for their clients based upon client's personal goals. The result of interventions can take many forms that do not easily permit homogenous categorization or quantification. Additionally, identification of any improvement in circumstances may be difficult to measure over a limited period of time. Every transaction in a social service relationship may be a step toward a long term personal goal such as finding employment, housing, health, or happiness. The personal characteristics of the recipient might determine if, or how long, it takes one to achieve their goal. While organizations may be accountable for their actions, they have little control over how well clients achieve their goals. Effectively, they can only support them.

While performance management may be a challenge for non-profit organizations, these difficulties should not act as a basis to ignore the fact that non-profit service users, and their funders, do expect results. Non-profit organizations should find their own unique, creative and meaningful ways to measure and report their impacts. Internal reviews and audits should be standing items for review to ensure that organizational goals are being achieved and that service standards are being consistently met. While client satisfaction may be one measure of quality performance that every organization should embrace, non-profit organizations should also find other concrete measures by which service outcomes and impacts can be assessed. Where possible, studies should be conducted to capture and identify community and individual impacts over time. For smaller organizations, research activity may become a joint-venture.

Although developing assessment criteria, tracking outcomes, and monitoring performance to create an environment of continuous improvement are important, communicating results of performance reviews within the local community can go a long way in

terms of building relationships, credibility, trust and engagement. Sharing performance information with peer organizations can also result in the identification of successes, common problems, and the development of best practices. The new network approach to problem solving, and governance, will ultimately produce more benefits than risks. The widely touted environment of "continual improvement" requires a critical eye, assessment, collaboration, and course correction when results are under-delivered.

Professional, Ethical and Practice Standards

Thomas Jeavons, in *Ethics in Nonprofit Management: Creating a Culture of Integrity (1994)*, suggests that professional standards in the operations of non-profit agencies require the articulation and internalization of expectations around behaviour. While he notes that non-profit organizations may be rooted in "moral, often religious, spheres of our culture", current standards development must meet "current morally justifiable expectations of our society" (85). In this light, Jeavons sees integrity, openness, accountability, service and charity as the primary values that create ethical environments of today's non-profit organizations.

Codes of Conduct, Conflict of Interest Guidelines and Confidentiality Policies, are all the essential base components for all non-profit accountability regimes for clients. Standards are about good governance, good service and the public trust. To support these goals, all professional, ethical and service standards should be clearly documented and readily available for reference to both staff and clients. All staff and volunteers should be oriented to the professional ethics codes of their workplace prior to commencing their duties. Staff should also have expectations of ongoing development in the areas of anti-harassment and anti-

discrimination policies and principles. Specific training in Human Rights should also be mandatory. To ensure staff performance, all staff and volunteers should have regular reviews and formal supervision. Training funding to support staff to acquire core competencies should also be available. As non-profit organizations often work independently, and frequently develop innovative approaches to service and social issues, peer engagement should be a high priority for organizational learning, standard setting, comparison and best practices development.

Professional, ethical and practice standards are true forms of accountability to clients as they set the objective standards in which service is to be provided, and can be later assessed if problems arise. Not only do standards act as guideposts for staff and volunteers in terms of behavioural expectations, they offer potential clients a description of the parameters of the client-helper relationship, providing them with opportunities to evaluate their expectations and decide if the service parameters meet with their preferences. High professional, ethical and practice standards within the non-profit sector will preserve the dignity and respect of service users, deliver on service expectations, achieve the desired results and produce the discussion and collaboration that will maintain innovation and develop policy influence within the sector.

Complaint Procedures and Redress

Although non-profit organizations may not have sophisticated mechanisms for complaints resolution, such as legislatively mandated review panels or other similar processes of administrative law, all non-profit social service organizations should have a process to resolve client complaints related to such matters as procedural fairness, service standards or

staff misconduct. While a "formal" complaints process may not be required, a formally documented process is necessary to ensure there are procedures to manage and resolve client complaints.

Hartley Dean, in *Losing Appeal? The Changing Face of Redress* (2004), noted that "redress in relation to social policy and welfare provision has been moving away from adjudicative forms to consumer complaints-based redress" (1). Dean asserts that the type of redress provided will be dependent on how the service is delivered. In decentralized, discretionary relief systems, a "case review" is generally conducted in which the decisions and actions of service deliverers are reviewed by an official with sufficient knowledge and qualification to assess the course of action that was taken. In Central Bureau – Juridical systems, where there is a high degree of central control and a multitude of rule-bound systems, redress will likely be provided in a court-like adjudicative process through a tribunal or ombudsperson who renders decisions (2–4). In Contractualized Managerial-Consumerist systems, the focus becomes "consumer redress" where complainants are treated more like consumers than clients, and complaints are reduced to customer service issues about poor service, and a "quality check", neglecting other issues related to unfair or incorrect decisions (4-5).

Unlike citizens who can vote out elected officials or advocate for change through a plethora of governmental mechanism and processes, non-profit social service organizations are private entities often removed from this type of mandated public accountability. In many cases, it would not be typical for users of a non-profit social service to have the same access to tribunal or administrative law remedies in relation to the services they receive, or other

formalized mechanisms of review that users of municipal, provincial or federal services take for granted as a right. Nor are they likely to find other safeguards found in public services, such as; Auditors, Ombudspersons, Integrity Commissioners, and Freedom of Information Officers, Language Commissioners, Municipal or Band Council Members, or Member of Provincial or Federal Parliament who routinely address complaints and provide resolution to service issues. Given this reality, non-profit organizations should possess valid alternatives to address client complaints.

The study takes the position that non-profit social service provision is part of a crucial social safety net and should adopt a "rights based" complaints system. From this point of view, organizations would need to announce clients' rights (and responsibilities) and other "standards based criteria" by which clients' complaints can be objectively reviewed and assessed. It will also require the ability to enforce redress, when it is determined that redress is required. While a Centralized Bureau styled complaint process, referred to by Dean, may offer the most security for clients, it may also be too formal or too cumbersome for many clients to negotiate. For ease of use, and because organizations of any size can employ the method, individualized case by case reviews (hierarchical or peer committee based) may be the most effective and efficient means of delivering a complaints procedure for all non-profit social service organizations. When issues cannot be mediated and resolved to a client's satisfaction, a highly skilled, final *internal* arbitrator should be considered to ensure finality and closure to every complaint. While a network approach to final arbitration may also be an option, the formality of such a system and the co-operation required between organizations may be a disincentive to establish such a mechanism.

However implemented, the suggestion is that *all* non-profit organizations establish a complaints reporting and resolution process to ensure fairness, equity, responsiveness and integrity. Furthermore, the complaint and conflict resolution processes should become part of an introduction at the initial contact with any organization. While hierarchical controls or peer committees can serve as the basis of conflict resolutions, to support professional and early complaint and conflict resolution, all staff should be trained in conflict resolution.

CHAPTER THREE

Understanding Accountability to Clients: The Research Methodology

The Research Questions

The original research component of this study, employing survey research, was designed to provide insight into accountability to clients within non-profit social service organizations. This research had several goals. It hoped to gather data to identify the accountability profiles of a sample of Toronto non-profit organizations, identify competing accountability demands within these organizations, and determine what kinds of accountability clients using non-profit services actually receive. The data generated from the study was to serve as a basis in which to examine the potential for non-profit accountability reform where “bottom-up” accountability would play a greater role within non-profit accountability profiles.

The hypothesis behind the research was that if robust mechanisms of accountability for clients were found within non-profit organizations, these mechanisms of accountability could serve as a basis to re-orient and rebalance non-profit accountability profiles in such a way that a variety of stakeholders, including clients, governments and non-profits themselves, would benefit through the inclusion of a wider range of accountability interests and values. While there would be new attention paid to interests associated with civic participation, fairness, equity and diversity; and, individualized performance measurement (i.e. needs satisfaction), through highly individualized metrics for programs and service impacts, a new downward focus on accountability would also reinforce service responsiveness, standards, efficiency and effectiveness to create more holistic accountability.

The identified research questions were explored using a multi-step process. First, a comprehensive literature review was conducted relative to the general theoretical principles and frameworks that apply to non-profit accountability as outlined in Chapter One. The review looked at several research studies to contextualize the non-profit social service sector in terms of the political and social environment of non-profit organizations and the many challenges that accompanied non-profit service delivery.

Second, a multi-jurisdictional review was conducted to determine how accountability to clients had been conceptualized at the federal, provincial, municipal and international level as well as non-profit level, in order to focus on how accountability to clients had been conceptualized and implemented from a comparative perspective. This step was necessary as a) there is little pre-existing literature on accountability to clients in the non-profit sector, and b) public sector values within service delivery needed to be examined in order to determine if public service delivery goals shared similar interests with non-profit service objectives. Its overall purpose was to determine what “bottom-up” accountability measures might have to offer in terms of rationality for replacing some of the excessive instrumental accounting demanded by government stakeholders. Within the context of what was discovered, a checklist of accountability mechanisms was developed and used as part of the survey administered in this study.

The third step of the research is the subject of this chapter. It revolved around administering a survey to senior executives working within a sample of Toronto’s non-profit social services organizations. To test the readiness of the non-profit-social services sector to engage in the particular type of accountability reform proposed, a sample of non-profit social

services organizations was established to administer the survey and obtain information on their accountability characteristics and profiles, examine what means of accountability they offered their clients and assess the senior leadership perceptions of the accountability problem.

The last step of the research, presented in Chapter Five, uses the literature review and the data collected in the survey to determine the readiness of the non-profit sector to engage in relationships of enhanced stewardship, where accountability to clients provides expanded and broadened accountability within non-profit organizations.

The Survey Research Tool

The research tool that was selected for this study was an on-line survey. The survey method permitted flexibility in terms of the times surveys were distributed, and accommodated a potentially large sample of respondents. It also provided flexibility to respondents in terms of when they chose to complete the survey and offered benefits to respondents in that it could be easily accessed and submitted from their computer terminals. Due to the ease of recording responses, it was anticipated the survey would take approximately 15 – 20 minutes to complete.

The additional value added by using an on-line survey database was that it could securely send and receive data; control response information limiting one response per computer; and submit survey responses in real time. The database provided basic analysis and tabulation features in which individual surveys, or summary information could be viewed, saving time in terms of analysis. Responses to open-ended questions were collectively

presented by question for easy reference. The database was programmed to ensure the anonymity of respondents.

A potential risk to this type of research was low response. Non-profit surveys garner low response rates (Hagar and Wilson 2003). The implication of this was that a large number of invitations needed to be sent out in order to have a sufficient response to generate useful data. A second risk of using a survey based research tool, as opposed to a semi-structured interview, was a more focused and restrictive narrative. While it was useful to address specific questions and quantify responses, it diminished opportunities to capture unexpected information beyond what was asked. To compensate for this, open-ended questions were included in the survey design.

Study Participants

Organizations were randomly selected from a variety of sources and were checked to ensure they were non-profit and delivered social services to individuals within the City of Toronto. Potential participants were identified from five primary sources: Toronto United Way Funded Agencies Lists; City of Toronto Community Partnership and Investment Program Grant List; 211Toronto.ca Guide to Toronto Community Social Services; Toronto Neighbourhood Centers Listing; and, Trillium Foundation Grants Lists. The aim was to include a wide range of non-profit, social services organizations. Schools, hospitals, post-secondary educational institutions, children's aid societies and other similar not-for-profit organizations were not invited to participate in this study given the higher degree of regulation found within these organizations.

Internet searches were completed to identify Executive Directors and obtain their e-mail addresses. Where organizations had a national or regional character, the Toronto Regional Executive Director's contact was sought. When this information was not available on-line, the information was obtained from the organization directly by phone. Of the 203 organizations that were selected for the study, a personal e-mail address was obtained for 172 of the Executive Directors identified. For 31 organizations where a personal e-mail contact was not obtained, the general agency e-mail address was used with correspondence directed to the Executive Director.

The Survey Design

The intention of the original research component of this study was to create data using the knowledge and perceptions of senior level respondents to explore issues of accountability in the non-profit sector, especially as they related to accountability to clients. The research is primarily qualitative, in that the survey gathers the subjective and individual perceptions of respondents. Much of the information gathered was quantifiable as many items, such as; organizational characteristics, budget ranges, staffing levels, as well as individual subjective responses, could be categorized and reported upon in a statistical way. This was useful in terms of identifying the degree of cohesiveness between responses and generating an aggregated collective response for the organizations studied.

Responses to subjective questions were formulated in a way that small perceptible differences in responses could be identified. It was suspected that respondents might have had a bias towards answering questions in a positive way, therefore responses allowed for varying

degrees of positivity (e.g. extremely important; very important, moderately important, slightly important; not at all important) or different levels of agreement (strongly agree; agree; neither agree or disagree; disagree; strongly disagree) as well as provided a way to outright reject a notion.

Open-ended questions were also employed at the end of the survey to offer respondents opportunities to provide explanations, expand on answers, or identify other issues important to them. It also provided an opportunity to pose general investigative questions in regards to their implementation of accountability tools, the identification of challenges in regards to providing accountability to clients, as well as provide feedback on the design and construction of the survey itself.

Construction of the Survey

The literature review suggested that the non-profit social service organizations responding to the survey would be highly dependent on financial resources for government funders. It also suggested that governments would demand and receive more accountability than other stakeholders. The survey was designed to test the extent this was true for the non-profit organizations studied. In order to obtain the data needed to conduct this analysis, Part I of the survey gathered demographic information including: target client groups, services delivered, staffing levels, and budgetary information.

Part II of the survey was designed to obtain data on the beliefs held by Senior Executives in regards to accountability within their organizations. It also solicited information on how the organizations studied distributed their accountability time among stakeholders. These

perceptions allowed for the identification of factors that might affect how much accountability clients may actually receive within the organizations. In light of the fact that these organizations were likely to be accountable to many stakeholders for many things, this section of the survey hoped to uncover the tensions and dynamics of accountability within the organizations studied. In ranking the importance of different accountabilities and stakeholders, the survey instrument enabled the identification of what trade-offs non-profit executives might be inclined to make in order to provide greater accountability to clients.

Part III of the survey aimed to identify the means and mechanisms by which accountability to clients was delivered by the organizations surveyed. Using a check-list, organizations were asked to identify what mechanisms of accountability were available in their organizations to provide accountability to clients. Space was also provided to permit organizations to identify other sources of accountability that were available within their organizations to provide accountability to clients that may not have been indicated on the check-list.

Part IV of the survey was designed to allow respondents to elaborate on the questions posed throughout the survey with particular focus on gathering more information about how respondents felt about the particular *accountability profiles* of their organizations, and, the challenges their organizations faced in regards to delivering accountability to clients. Space was also provided to allow respondents to elaborate on any issue relating to accountability to clients, or, to provide feedback on the design and structure of the survey. The survey and its responses are located at Appendix “A”. Open text responses are located at Appendix “B”.

Survey Administration

Surveys were delivered using a reputable, well known web based survey distributor and database, "SurveyMonkey", in November and December 2011. Responses to the survey were collected over a period just over a month from November 25, 2011 until January 6, 2012. Controls were in place that permitted only one response per computer and the introductory e-mail advised that only one response should be completed per organization. Although the survey was addressed directly to the Executive Director of each organization, surveys were permitted to be delegated to another senior executive within their organization.

In preparation for survey administration, an extensive ethical review was conducted. Ethical approval was obtained through the Ryerson University Research Ethics Board prior to administering the survey. In accordance with the ethical approval that was obtained, respondents were provided with a detailed "Informed Consent and Disclosure Summary" (Appendix "C"). As part of the Ethics Protocol, potential respondents were advised of the voluntary nature of the survey, their ability to terminate their participation in the survey at any time, and their ability to skip any question in the survey they did not wish to answer. As all respondents were advised that the surveys were anonymous, the database controls on the survey ensured that all surveys were submitted anonymously and responses could not be traced to an individual or organization.

CHAPTER FOUR

Survey Findings: Data and Analysis

Part One: Response Rate, Demographic Information, Accountability Profiles and Accountability Management

Response Rate:

Of the 203 surveys that were sent out electronically, 10 surveys were returned with a delivery failure notice. Of the 193 surveys delivered, a response of 44 useable surveys was obtained. The response rate for this survey was 23%.

Demographic Information:

(Survey Questions: 1 – 7)

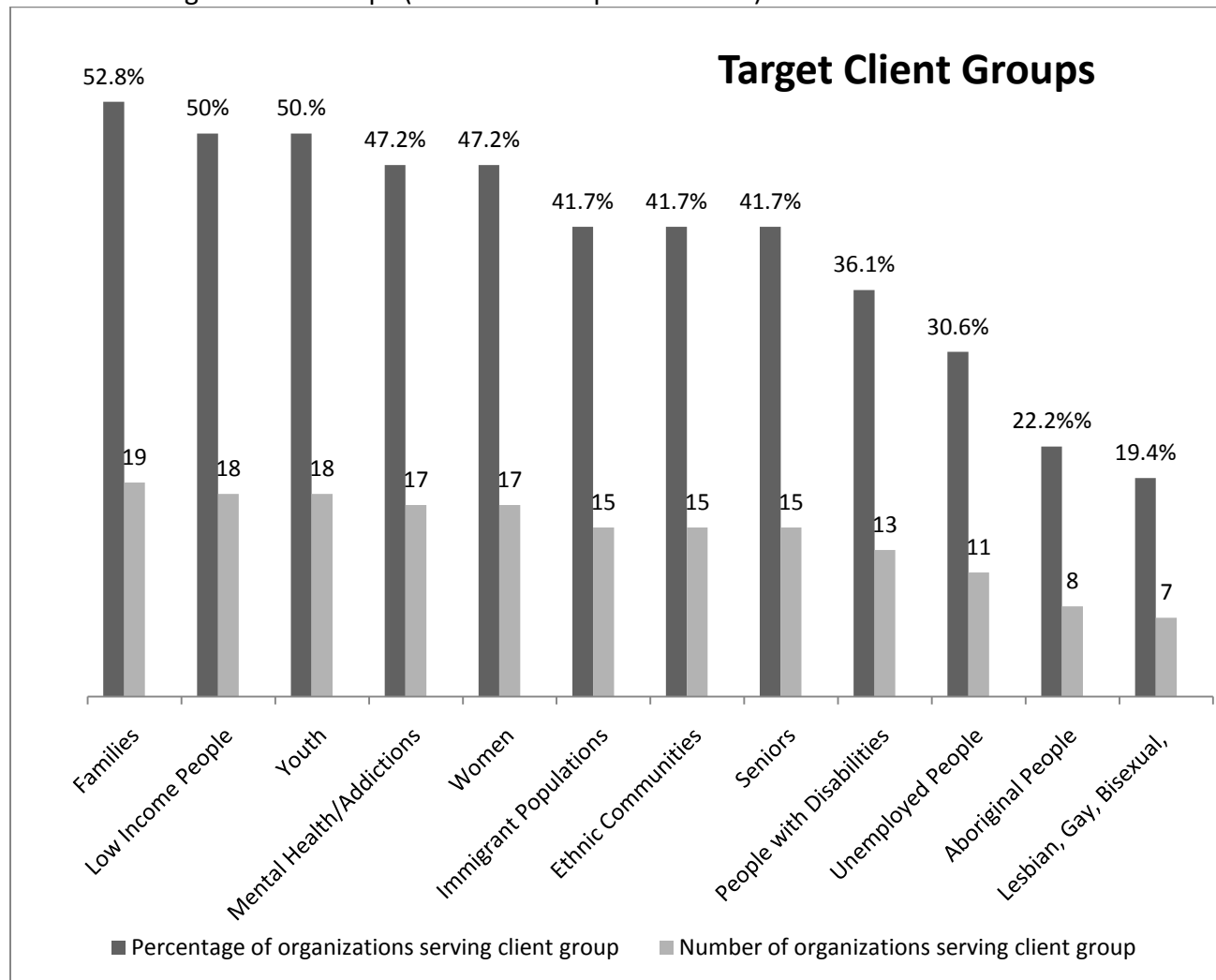
As criteria for participation in this survey, all organizations were non-profit, social service organizations operating in the City of Toronto. While most of the organizations operated entirely within the City of Toronto, 20% of the organizations indicated they also operated elsewhere. In the case where organizations identified they operated outside of the City of Toronto, they were requested to restrict the description of their budgets to those components of the organization that operated within the City of Toronto.

Target Client Group:

The organizations studied offered services to a broad range of clients including: Families, Low Income People, Youth, People with Mental Health or Addictions Issues, Women, Immigrant Populations, Ethnic Communities, Seniors, People with Disabilities, Unemployed

People, Aboriginal People and Sexual Minorities. The target client group information for the organizations surveyed is summarized in *Chart 4.1*

Chart 4.1: Target Client Groups (Number of Respondents: 44)



Several organizations chose to identify their clients in more specific ways outside of the broad categories provided for in the survey, including: “Youth at Risk”, “Young Pregnant Women”, “Refugees”, “Women Fleeing Violence”, “Francophones”, “Homeless”, “Individuals Involved in the Youth Justice System”, “People Living with HIV/AIDS”, and “Children”. Other

organizations indicated they were “multiservice organizations” and offered “integrated services” to diverse client groups.

Services:

The services provided by these organizations were extensive. Many service providers indicated they offered multiple services and programs. The 44 organizations surveyed generated a list of 114 distinct services:

24 hr. crisis line	Aboriginal language classes
Addiction treatment services	Adult day programs
Adult drop-In	Adult education
Adult protective services	Advocacy
Anti-violence programs	Afterschool programming
Economic self-sufficiency	Case management
Childcare	Children’s programs
Children’s mental health	Client intervention
Clothing	Community development
Community gardening	Community health programs
Community hub	Community outreach and education
Community participation supports	Community services for seniors
Computer skill upgrading	Congregate dining
Counselling outreach youth justice	Counselling
Cultural programming	Daily meal programs
Day programs for frail elderly seniors	Family counselling
Education	Education advocacy
Elder visitation	Emergency shelter
Employment counselling	Employment generation
Employment preparation	Employment supports
ESL classes	Family camps
Financial literacy	Food bank
Food distribution	Friendly visiting
Group therapy	Harm reduction
Health promotion programs	Health support
Healthy babies/healthy families	Home help
Home making/ maintenance	Housing help
Housing support	Immigrant services
Income support programs	Infant childcare
Internships	Interpretation and translation services
Job development	Job readiness

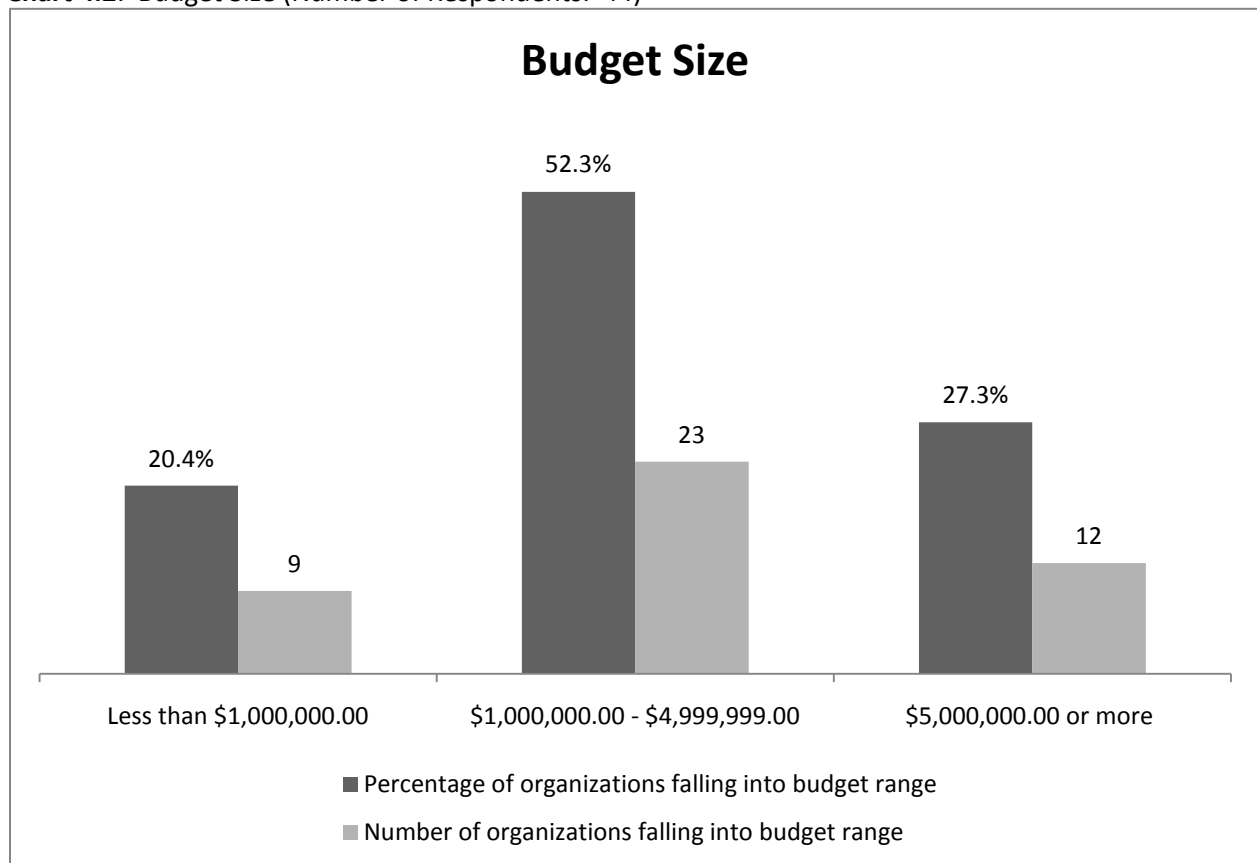
Job search help
 Laundry
 Legal help
 Literacy
 Meals
 Mentoring
 Newcomer settlement
 Newspapers
 Outreach
 Peer mentoring
 Primary care (medical health services)
 Public education
 Respite care
 Seniors club
 Seniors services
 Shelter
 Skills training
 Speaker's bureau
 Supportive housing
 Telephone, fax, computers services
 Training
 Translation
 Treatment programs
 Volunteer and student placements
 Youth education
 Youth groups

Language training
 Leadership development
 Life skill workshops
 Lunch programs
 Mental health programs
 Neighbourhood centre
 Newcomers aid
 Meals on wheels
 Parenting education
 Practical assistance counselling
 Psychological assessment
 Resource centre
 Senior's care
 Senior's programs
 Settlement services
 Showers
 Snow and grass services
 Support services
 Telephone assurance
 Therapeutic support
 Transitional housing
 Transportation services
 Vocational assessments
 Volunteer opportunities
 Youth engagement activities
 Youth Justice

Budgets and Sources of Funding:

The budgets of the 44 organizations surveyed ranged from less than \$249,000 to over \$15 Million. Nine (20.4%) of the organizations had low budgets of less than \$1 Million; 23 (52.3%) of the organizations had mid range budgets of between \$1 Million and \$5 Million, and; 12 (27.3%) of the organizations had budgets over \$5 Million. The distribution of organizations falling into different budget ranges is found in *Chart 4.2*

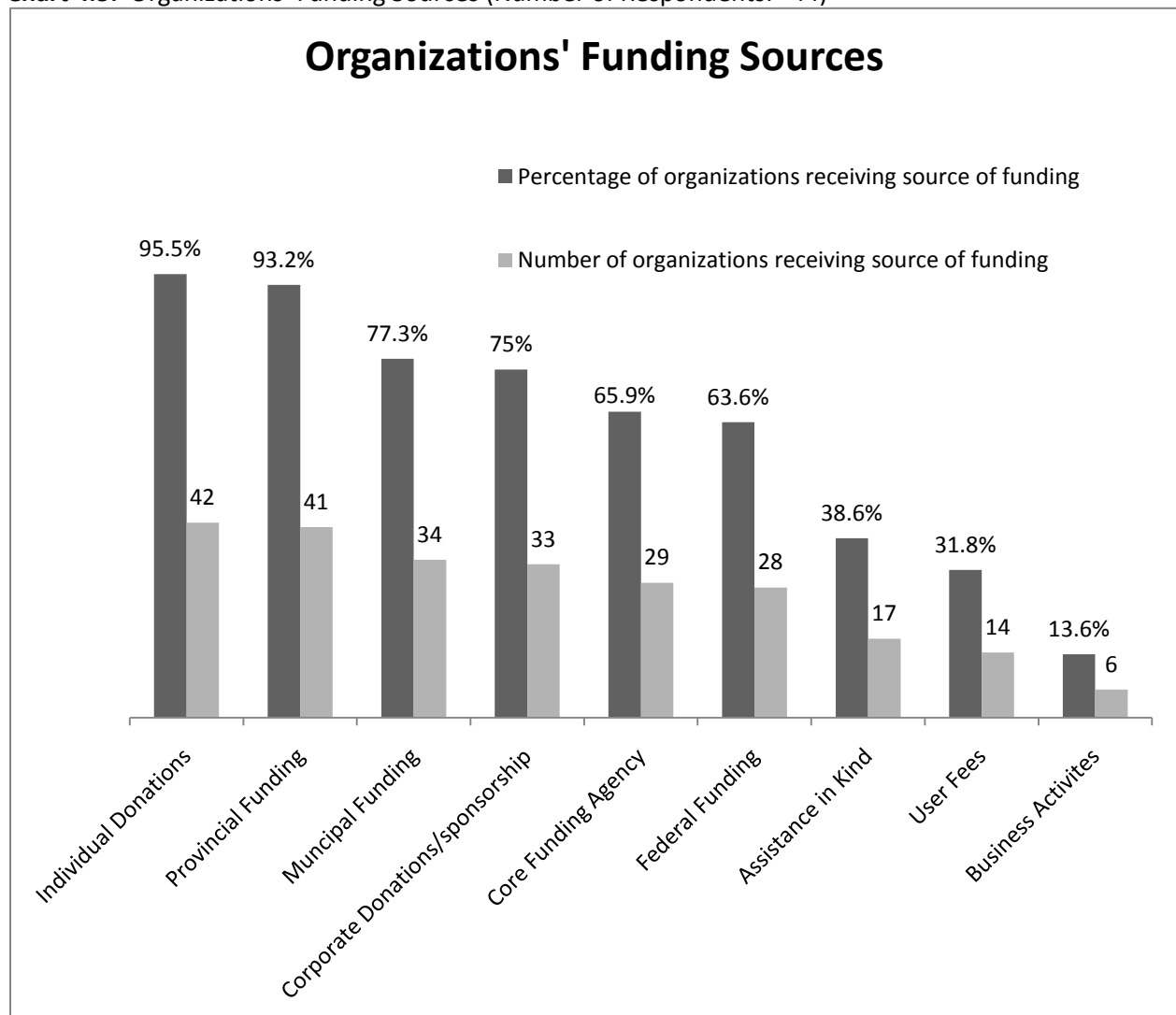
Chart 4.2: Budget Size (Number of Respondents: 44)



Financial resources were derived from a wide range of sources. The most common funding sources were individual donations, followed by provincial and municipal funding, corporate sponsorship, core agency funding and federal funding.¹ As a collective group, the organizations studied less frequently claimed “assistance in kind”, user fees or business activities as a source of funding. *Chart 4.3* outlines the funding sources of the organizations studied. Others sources of funding not identified in the chart, but identified by respondents were: “Proceeds from Our Own Projects”, “Churches”, “Fundraising Events” and “Other Foundations”.

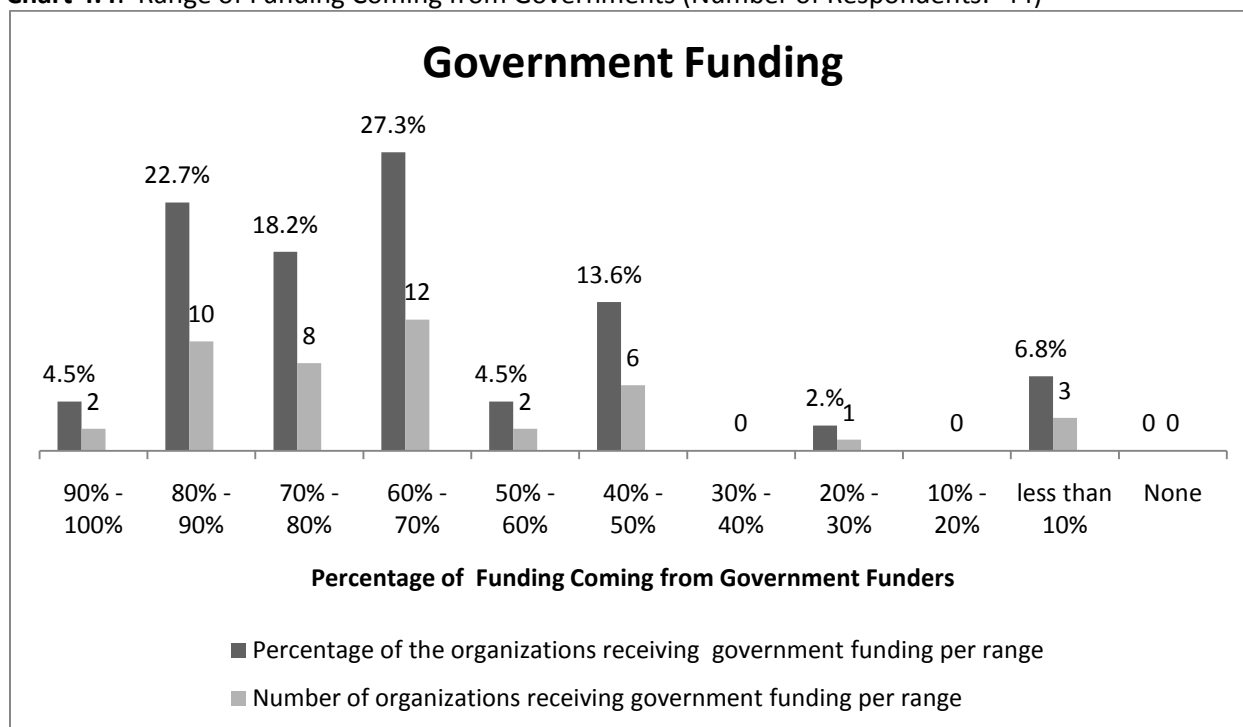
¹ Although individual donations were cited as the most frequent budgetary contributor, the dollar value of these contributions was not assessed.

Chart 4.3: Organizations' Funding Sources (Number of Respondents: 44)



All the organizations that participated in the survey reported receiving government funding. Funding ranged from less than 10% to over 90% of their total budgets. Seventy-seven percent (77.2%) of the organizations who participated in this survey indicated that government funding made up 50% or more of their total budgets. When this threshold was lowered to 40% or more of funding coming from government sources, almost 91% of organizations were covered in the range. *Chart 4.4* describes levels of government funding within the organizations studied.

Chart 4.4: Range of Funding Coming from Governments (Number of Respondents: 44)



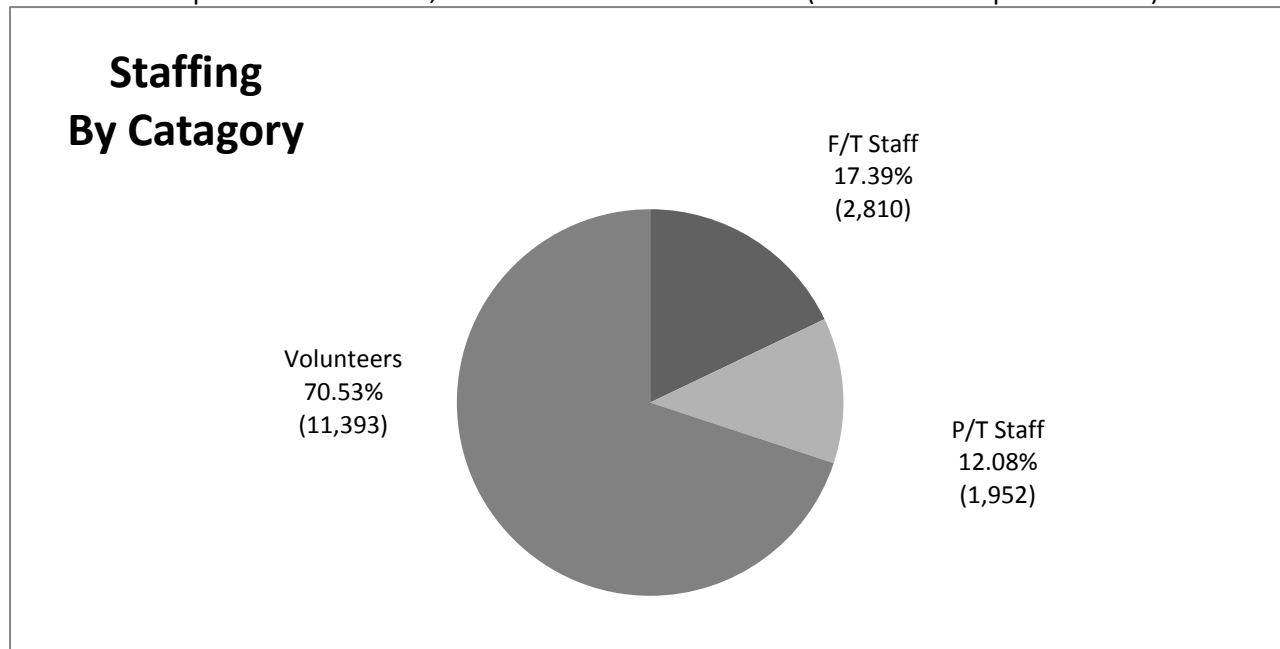
Of government funding, provincial level funding was identified as the most common source of funding with 93% of organizations indicating provincial funding. This was followed by municipal governments at 77%, and federal government funding at 63%.

Staffing:

The organizations surveyed were staffed by a compliment of full-time employees, part-time staff and volunteers. The number of full-time employees ranged from 3 to 720. The number of part-time staff ranged from no part-time staff members to 581. Of paid staff, 59.52% were full-time while 40.48% were part-time. The number of volunteers within individual organizations studied ranged from no volunteers to 2,100. The total economic impact of these organizations in terms of their employment and social contributions are significant. All tallied, they represented 2,810 full-time employees; 1,952 part-time employees,

and 11,393 volunteers. The ratio of full-time staff to part-time staff to volunteers is represented in *Chart 4.5*.

Chart 4.5: Comparison of Full-Time, Part-Time and Volunteer Staff (Number of Respondents: 44)



The most common full-time staffing range for these organizations was between 1 and 20 employees, comprising 45% of the sample; however almost 43% of the organizations surveyed had between 21 and 100 full-time employees while 12% of the sample had over 100 full-time staff or more. The most common staffing range for part-time employees was between 1 and 20 part-time staff, 71% of the sample. Forty-four percent (44%) of organizations indicated that they had 100 or more volunteers active within their organizations. The vast majority of organizations were heavily dependent on the contributions of voluntary labour. Volunteers in many organizations outnumbered the number of full and part-time staff several times over. For staffing resources within the organizations surveyed, see *Chart 4.6* for full-time staffing, *Chart 4.7* for part-time staffing, and *Chart 4.8* for volunteer staffing.

Chart 4.6: Staffing Levels for Full-Time Employees (Number of Respondents: 44)²

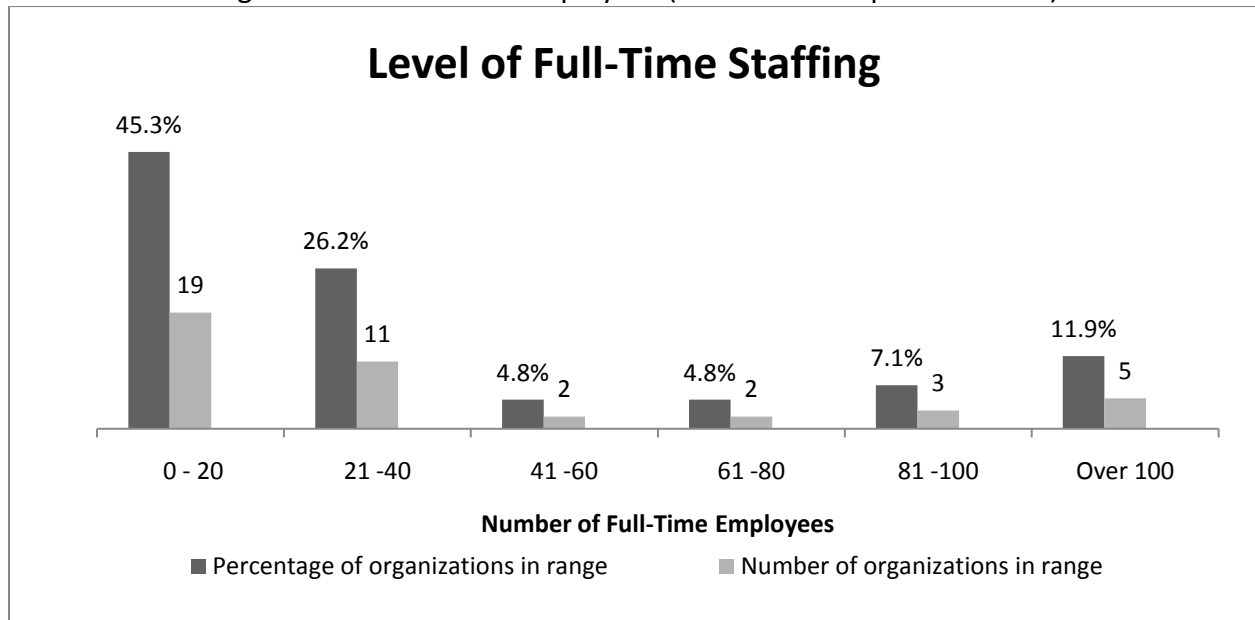
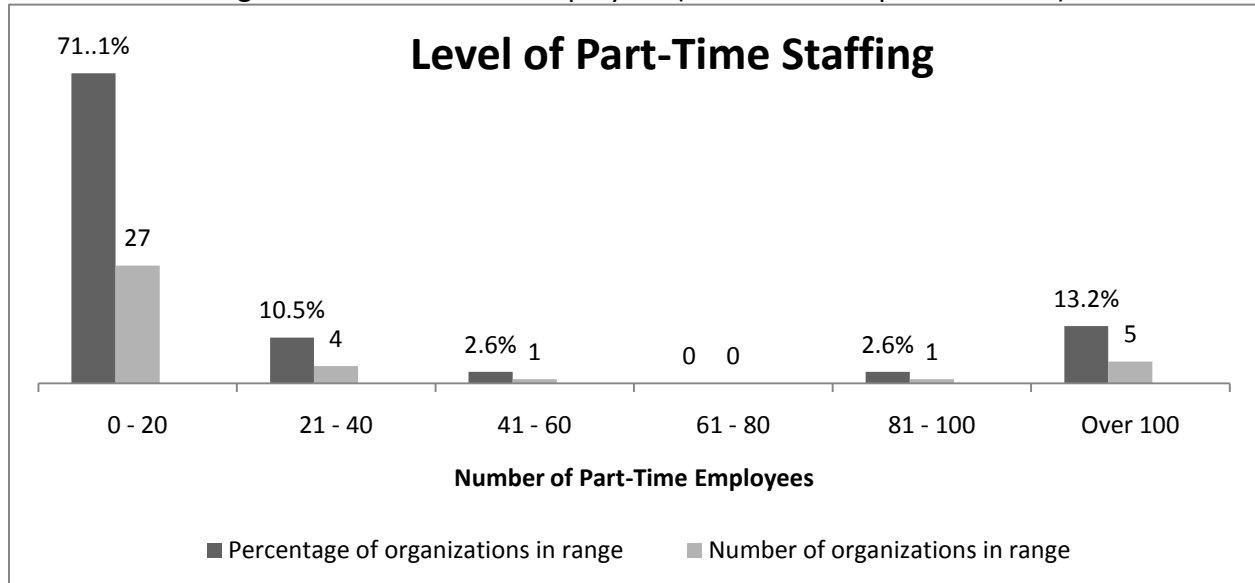


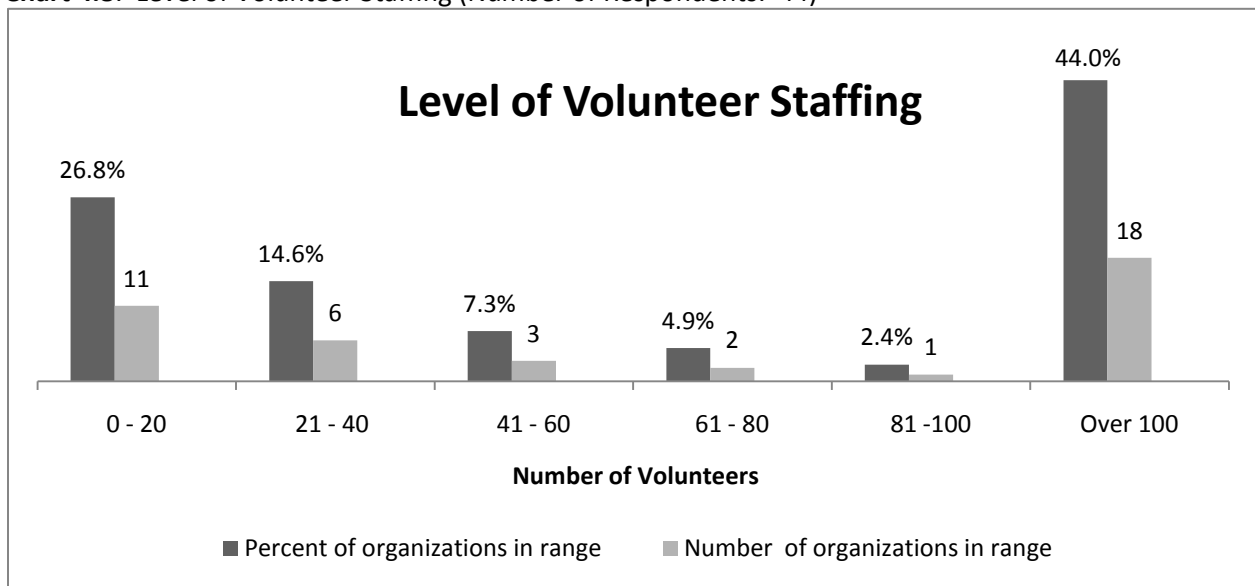
Chart 4.7: Staffing Levels for Part-Time Employees (Number of Respondents: 44)³



² Two of the 44 organizations responding to the survey did not provide a response to this question.

³ Six of the 44 organizations responding to the survey did not provide a response to this question.

Chart 4.8: Level of Volunteer Staffing (Number of Respondents: 44)⁴



Demographic Summary:

The vast majority of the organizations surveyed were highly localized only providing services within Toronto city borders. Twenty percent (20%) of the organizations surveyed also provided services in other locations outside the city indicating that they had a larger regional or national character. The target client groups for the organizations studied were diverse, often comprised of vulnerable groups and individuals. The list of social services they offered was broad and extensive.

The respondents in this survey described multiple sources of revenues; however the vast majority of organizations studied relied heavily on financial resources provided by governments at the provincial, federal and municipal level. The organizations' budgets varied greatly. Twenty percent (20%) of the organizations surveyed had smaller budgets of less than \$1 Million. The bulk of the organizations, approximately 53% had mid range budgets between

⁴ Three of the 44 organizations responding to the survey did not provide a response to this question.

\$1 Million to \$5 Million with the remaining 27% having relatively high budgets of over \$5 Million.

An analysis of the staffing arrangements of the organizations studied demonstrates that a mixed staffing model was generally employed, utilizing a compliment of full-time, part-time and volunteer staff. While the organizations studied showed vast differentials in staffing levels, the highest level of staffing identified was between 1-20 employees at the full-and part time staffing level, followed by significant representation of organizations employing 21-40 full-time staff. While less pronounced, this sample was represented by some larger sized non-profit employers as well. Volunteers play a large role in the operations of the organizations studied.

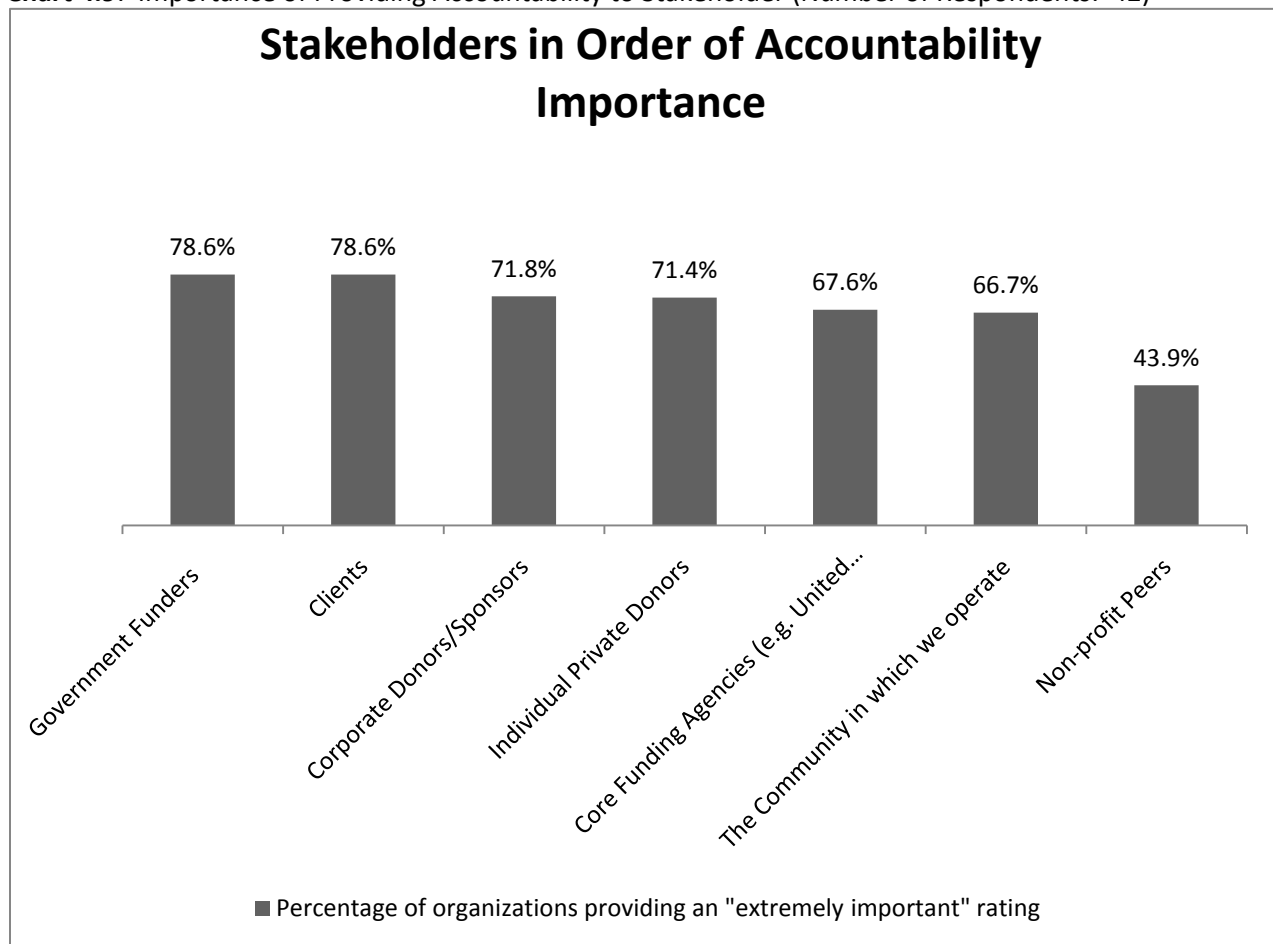
Accountability Profiles and Accountability Management

Stakeholders: "To Whom" Accountabilities:
(Survey Questions: 8, 9, 10, 11, 12, 13, 22, 29)

Almost 79% of the organizations surveyed indicated that government funders were "extremely important" stakeholders (Question 8). Of the remaining funding stakeholders, 71% of organizations felt it was "extremely important" to provide accountability to corporate sponsors and individual donors, while 68% of the organizations surveyed felt it was "extremely important to provide accountability to core funding agencies. Of non-funding stakeholders, almost 79% of organizations felt it was "extremely important" to provide accountability to clients, 67% felt it was "extremely important" to provide accountability to the community, while only 44% of the organizations surveyed felt it was "extremely important" to provide accountability to non-profit peers. The low importance of providing accountability to peer organizations suggests a lack of developed standards or mechanisms that would be required for

sector self-regulation and monitoring, perhaps explaining the high degree of government control over the “independent” non-profit sector. The importance of providing accountability to various stakeholders is outlined in *Chart 4.9*.

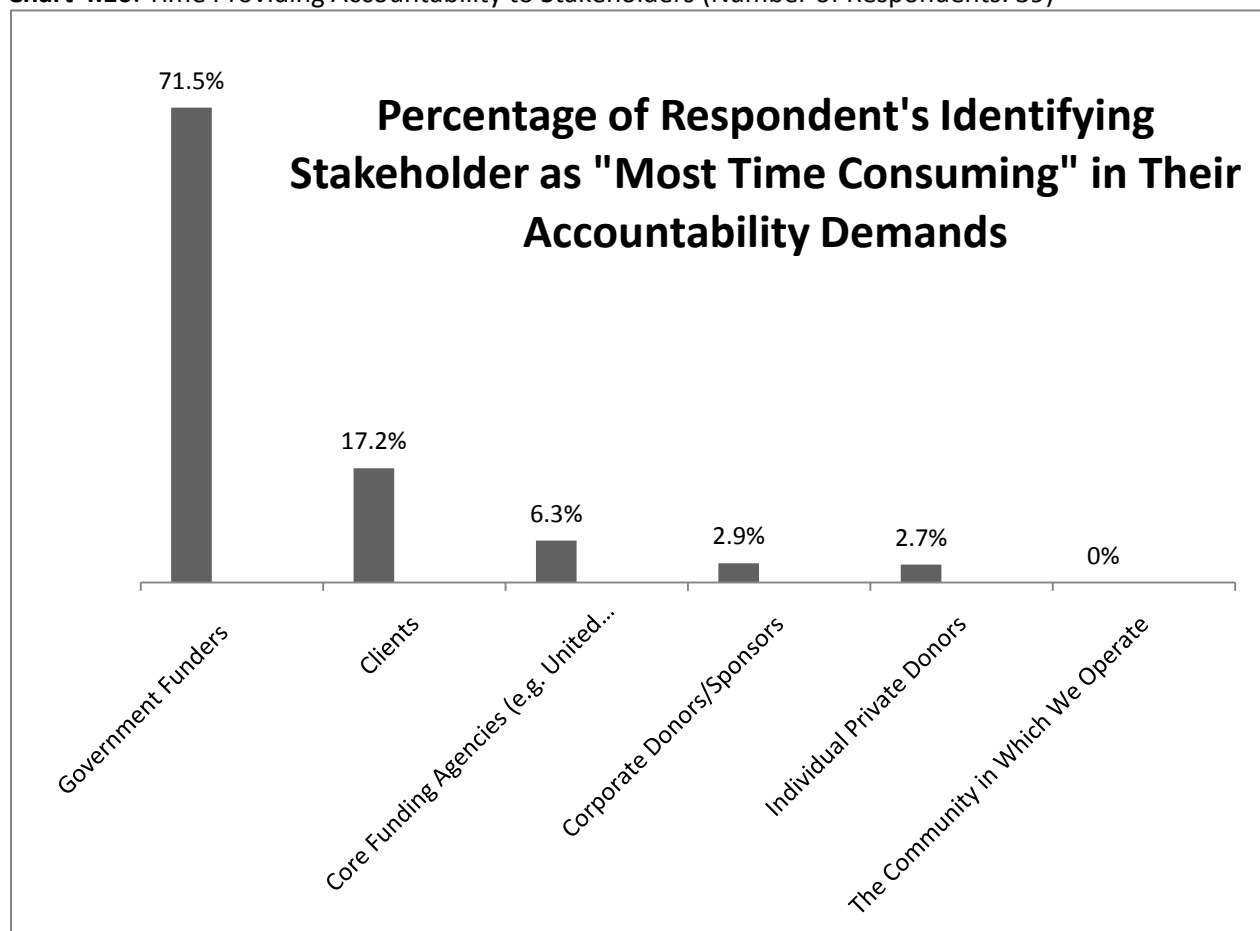
Chart 4.9: Importance of Providing Accountability to Stakeholder (Number of Respondents: 42)



While 78.6% of organizations indicated that it was equally important to provide accountability to clients and government funders, their perception of whom actually got accountability was quite different. The survey demonstrated that 69% of respondents felt governments demanded more accountability than other stakeholders (Question 10), and 57% of respondents believed that governments received more accountability than their clients

(Question 11). When asked to rank the amount of time they spent on providing accountability to various stakeholders (Question 29), the survey found that government funders were ranked as most time consuming in terms of their accountability demands, out ranking clients, core funding agencies, corporate sponsors, individual donors and communities.⁵ The survey findings clearly identified a disconnect between the desire and the importance of providing accountability to clients on one hand, with their actual ability to deliver it, on the other. The percentage of organizations labelling differing stakeholders as “most time consuming” in terms of accountability demands is displayed on *Chart 4.10*.

Chart 4.10: Time Providing Accountability to Stakeholders (Number of Respondents: 39)



⁵ A definition of “Community” was not provided in the survey. This may have impacted ratings. Communities can be client based; peer organization based or geographically based.

Respondents of the survey also noted that governments demanded a particular type of accountability. Seventy-five (75%) of respondents believed that governments were more interested in instrumental financial accountability as opposed to expressive accountability, which includes adhering to organizational mission, customer service standards and making positive impacts on clients and communities (Question 13).

In terms of managing their accountabilities, 54% of organizations surveyed indicated that they had difficulties in managing accountabilities (Question 9), and over 95% of organizations, believed that the mechanism of accountability could be better integrated so more stakeholders could be satisfied using the same accountability measures (Question 12). Despite this finding, 90% of the organizations surveyed indicated they met all their accountability demands (Question 22).

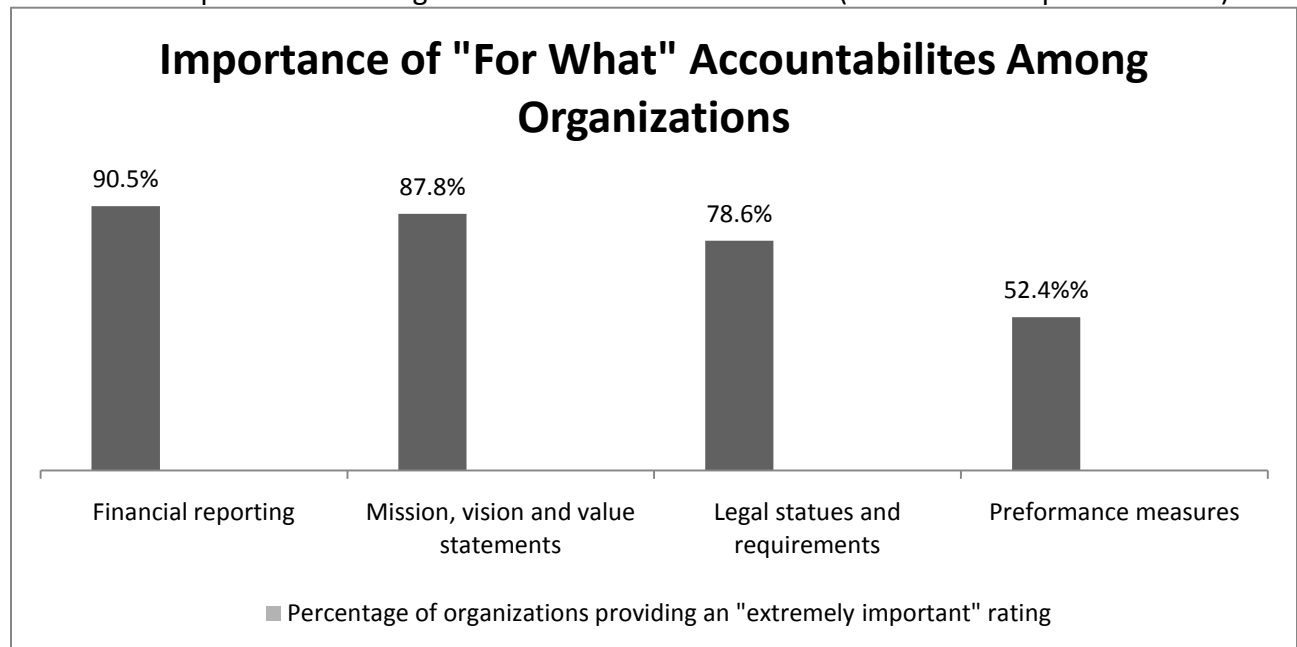
“For What” Accountabilities:
(Survey Questions: 16, 17, 18, 19)

The key “for what” accountabilities examined in the survey were mission, vision or value statements; legal statutes and requirements; financial reporting, and performance measures. The “for what” accountability questions were designed to establish how important these accountabilities were to the senior level respondents of this survey.

Ninety percent (90%) of respondents accorded an “extremely important” rating to “financial accounting”, while 87% felt that “adhering to missions, visions and value statements” was “extremely important”. The next highly rated accountability was ensuring legal compliance at almost 79%. Among these three accountabilities, it was noted that the only responses chosen by respondents were “extremely important” and “very important” out of ratings that

also included “moderately important”, “slightly important” or “not at all important”. Trade-offs, in the accountability balancing act, between these accountabilities may be very difficult given the high level of importance assigned to each of them. The least important accountability was performance measuring. Only 52% of respondents saw this accountability as “extremely important”. The ranking of the “for what” accountabilities is outlined in *Chart 4.11*

Chart 4.11: Importance Ranking of “For What” Accountabilities (Number of Respondents: 42)



The survey results reflect that two of the accountabilities had particular salience to respondents: financial reporting and adhering to missions. Complying with legal requirements was also highly rated. Of relatively low importance to the non-profit organizations studied was providing performance information to measure the outcomes and impacts of their work on clients and communities. This result is disappointing for two reasons. First, performance measures promote mission adherence by linking organizational missions to outcomes, and secondly, performance measures are a major means of ensuring accountability to clients.

As accountability is frequently linked to trust, perceptions of trust developed between non-profit organizations and stakeholders are important indicators of their success of their accountability tools. The results of this survey demonstrated that only 61% of respondents “strongly agreed” with a statement that said their clients had a high level of trust in their organization (Question 21)⁶, and less than that, only 59%, “strongly agreed” that their organizations were “well respected in the community” (Question 27)⁷. This demonstrates that something is askew in non-profit accountability relationships. Not so surprising given the amount of accountability governments demand, only 50% of organizations “strongly agreed” government “placed a high level of trust in their organization” (Question 20)⁸ suggesting that accountability reform is required to promote greater trust. While there is no crisis of trust by any measure, the lack of a strong sense of trust with clients, community stakeholders and governments suggests that there may be a lack of confidence, on part of the senior executives responding to this survey, in their present ability to deliver accountability.

This survey confirms that the vast majority of Toronto, non-profit social service organizations studied are affected by the dynamics of resource dependency and therefore have an accountability profile skewed toward government funders and instrumental accountabilities such as financial reporting. Although the organizations studied have attributed a high level of importance to providing accountability to clients, a great number of these organizations have indicated they *should do more* to demonstrate this importance. This survey has uncovered perceptions of diminished accountability to clients, communities and to non-profit peers in

⁶ 31.7% of respondent “agreed”; 7.3% “neither agreed or disagreed”

⁷ 35.7% of respondents “agreed”; 4.8% “neither agreed or disagreed”

⁸ 35.7% of respondents “agreed”; 11.9% “neither agreed or disagreed”; while 2.4% “disagreed”

comparison to other stakeholders, especially governments. The troubling findings of this survey suggest opportunities to enhance respect, build trust and re-orient accountability profiles must be taken to benefit clients and enhance the credibility of the sector.

What is proposed in the next, and final chapter, is an enhanced stewardship beyond a bilateral relationship between governments and non-profits organizations. Enhanced stewardship embraces clients and communities and makes them equal participants in providing accountability of scarce financial resources, alongside non-profit organizations themselves and governments. To accomplish this, strong mechanisms of accountability must exist for clients to enable their voices to be heard and to express what is right and wrong with non-profit organizations, their operations and the services they provide. Part two of this chapter examines the findings of the survey in relation to the mechanisms of accountability offered within the organizations participating in this study.

Part Two: Mechanisms of Accountability (Information and Transparency; Engagement; Performance Measures; Complaint and Appeal Processes, and Professional Standards, Ethics and Practices)

This section will provide an inventory of the mechanisms used by the non-profit organizations studied to provide accountability to clients. The survey presents five categories of accountability. The categories included are: information and transparency; engagement; performance measuring; complaints and appeal processes; and professional, ethical and practice standards. Under each category, respondents were requested to identify which mechanisms of accountability existed within their organizations.

Mechanisms of Information and Transparency:

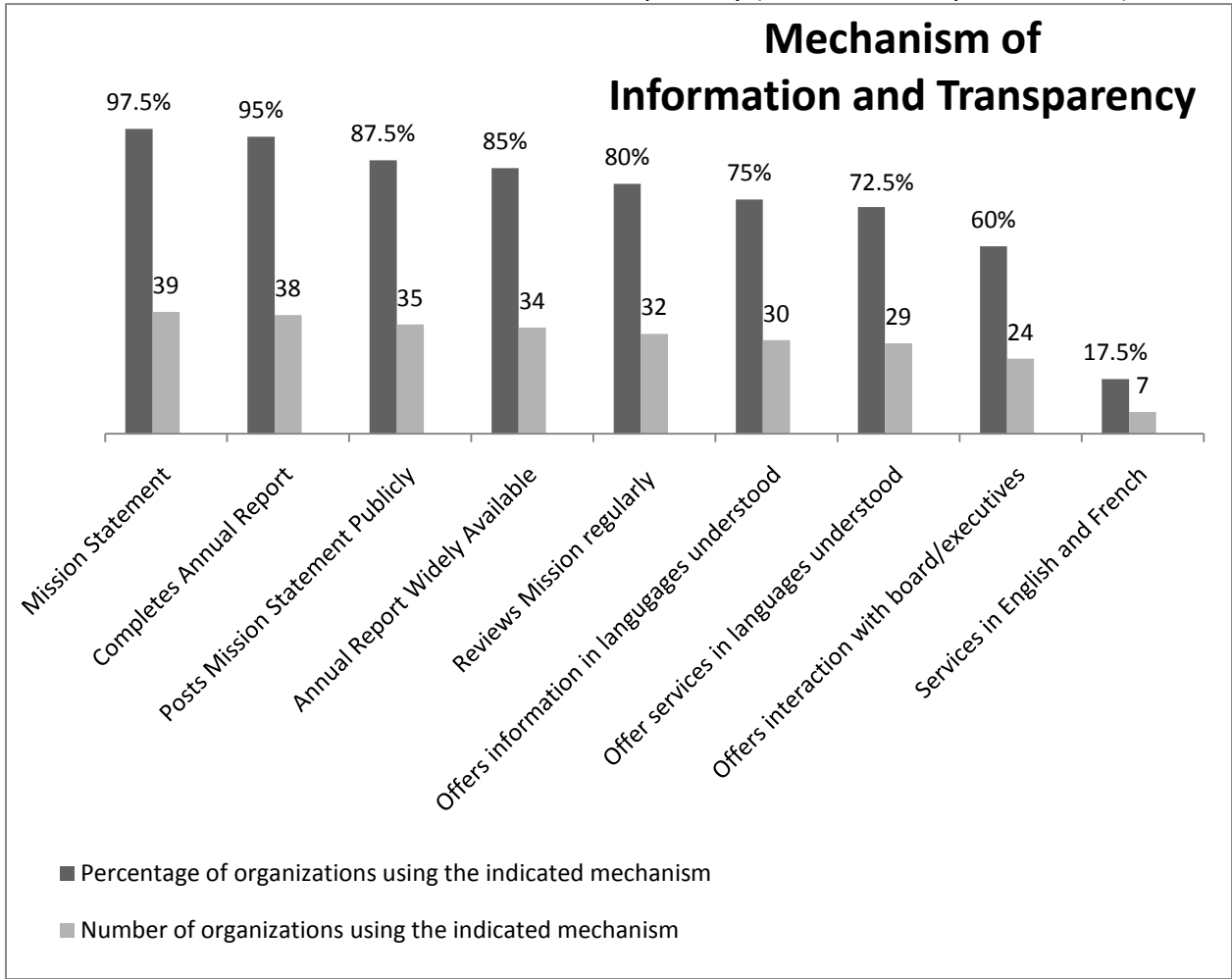
Of the non-profit organizations studied, the most widely used methods to convey information about themselves were mission, vision and value statements and annual reports. Over 97% of organizations surveyed indicated they conveyed information about themselves through mission and vision statements. Eighty seven (87%) of respondents denoted that these statements were posted in a place where they were likely to come to the attention of the public, and 80% of organizations reported they reviewed and updated their mission, vision or value statements regularly. The second most common informational source identified was annual reports with 95% of organizations indicating that they produced an annual report with 85% of the organizations studied reporting that they made their annual reports widely available. The survey results also showed that information dissemination and transparency was further enhanced by the fact that 60% of the organizations surveyed indicated that they provided regular opportunities to interact directly with their senior staff or Board of Directors.

Other sources of information sharing identified by these organizations were their own websites, social networking sites/mediums, newsletters, annual general meetings, weekly gatherings, and town halls meetings.

The unique way information was conveyed to clients appears to enhance information dissemination. Many of the organizations indicated they tried to reduce jargon, employ plain language or provide interpreters to increase understanding. Over 75% of respondents indicated their organizations offered *information* in languages their clients were likely to understand, while 72% reported offering *services* in languages that reflected the demographics of their neighbourhood. This not only provides opportunities for clients who have limited English language skills to learn more about programs and services, but to actually participate in them as well. On the down side, only about 18% of the organizations surveyed offered services in both English and French. This has implications for individuals who have an expectation of receiving services in French. French language social services in Toronto are more likely to be offered directly within Federal, Provincial and even Municipal government offices, than the non-profit social service organizations studied.

Overall, the organizations surveyed demonstrated effective ways of communicating information about themselves and healthy levels of transparency. A qualification to be noted however, is that service users, or their accountability designates, whether they be media, advocates, peer organizations or the public at large, are often distanced from the formal mechanism of Freedom of Information and Privacy Legislation found in most municipal, provincial and federal jurisdictions. A summary of the mechanisms of information and transparency are outlined in *Chart 4.12*

Chart 4.12: Mechanisms of Information and Transparency (Number of Respondents: 44)



Mechanisms of Engagement:

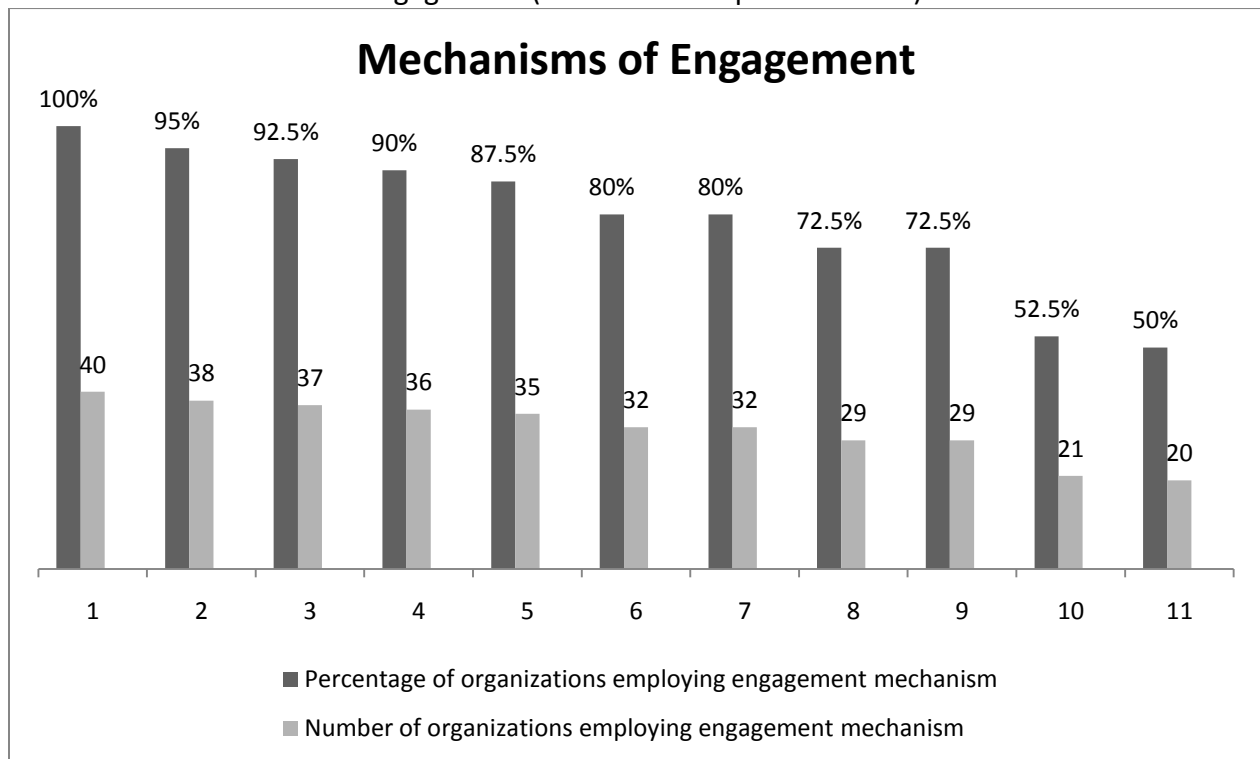
A large number of the organizations studied, 92%, indicated that they conducted outreach activities in the community providing opportunities to understand the service environment, gather information, identify needs, provide services outside the office environment and break-down barriers that sometimes arise when gathering information and offering services in a formalized setting. Some organizations indicated they offered their services by phone, off-site or in a drop in setting, while other participated in community committees and engaged community stakeholders for the purposes of evaluation and

information sharing. Large numbers of the organizations studied consulted both clients (80%) and community stakeholders (72%) about individual and community needs, while 95% of organizations consulted with front line staff about community needs.

Over 72% of organizations surveyed indicated that they directly involved clients in the development of their programs, while 52% involved community stakeholders in program development. All respondents indicated that their organizations had gathered input from their clients within the past twelve months by offering participation in a client focus group or client satisfaction survey. Many of the mechanisms listed previously under Information Sharing and Transparency, also qualify as engagement activities such as town hall forums, newsletters, and general meeting.

In contrast to the information contained in Part One of this chapter where the organizations rated non-profit peers as one of the least important accountability stakeholders, the same organizations demonstrated a high level of engagement with non-profit peers. Over 87% of the organizations surveyed belonged to a network of organizations for the purpose of consultation and information sharing, and 90% of organizations indicated that they attended a conference, symposium or round table in the last six months, while 50% of organizations had hosted one in the past two years. Eighty percent (80%) of the organizations also indicated that they were part of a major research project within the past three years. *Chart 4.13* indicates the mechanisms of client engagement that exist in the organizations surveyed.

Chart 4.13: Mechanism of Engagement (Number of Respondents: 40)



1. Focus group/satisfaction survey completed in past 12 months
2. Consults with front line staff to identify needs
3. Conducts outreach activities in the community
4. Attended conference/symposium/round table in past 6 months
5. Belongs to a network of organizations
6. Consults with clients to identify need
7. Participated in a research project in past 3 years
8. Consults with community stakeholders to identify needs
9. Involves clients in program development
10. Involves community stakeholders in program development
11. Hosted a conference/symposium/round table in past 2 years

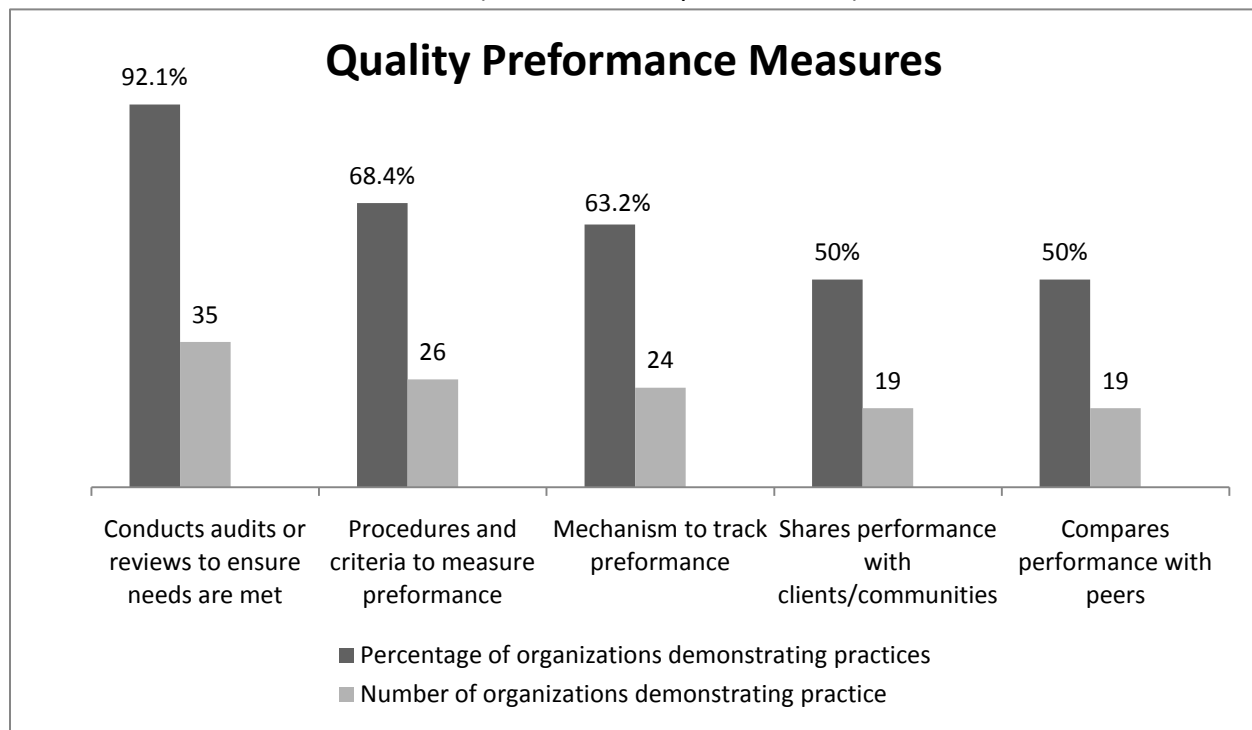
As part of the survey, respondents also identified other sources of engagement activity. One organization stated it implemented a by-law which required at least one former client to sit on the board of directors and generally encouraged clients to apply for jobs and board positions so that clients and former clients could become “actively engaged in making decision at every level of the organization”.

Mechanisms to Ensure Quality Performance:

Of the five broad areas of accountability, the mechanisms of accountability related to ensuring quality performance held the lowest importance and were the least developed of the accountability mechanisms studied. While almost all the organizations (92%) indicated that they audited and reviewed performance, only 68% of organizations had criteria in place to measure the impacts of their interventions on the clients and the communities they served, and, only 63.2% of the organizations studied indicated that they actually tracked the outcome of their interventions. A relatively small percentage of organizations, 50%, indicated they shared and compared their performance outcomes with their non-profit peers or other organizations engaged in similar activities. See *Chart 4.14* for an outline of these quality assurance techniques.

In the elaboration section of this survey, it became clear that performance measurement was more contested, than developed, in the non-profit organizations studied. The experiences related by these organizations identify that performance measures are difficult to conceptualize, formulate, implement, and in many cases standardize for diverse clients groups. They are also resource intensive and costly.

Chart 4.14: Performance Measures (Number of Respondents: 38)



Despite the lack of development in the area of performance measuring, many respondents to the survey did strongly associate performance measures with providing accountability to clients and appeared to take on the performance measurement challenge. Some of the efforts to provide performance measuring are reported as follows: “We are working to develop program evaluation for all programs and outcomes that can be measured”; “Our board of directors has implemented the use of a balanced scorecard, and over time, this will facilitate this type of reporting”; and another organization indicated “All our staff were involved in the development of program outcomes....One program is intensely evaluated per year, the outcome and recommendations are shared with staff, board and funders.”

Despite a growing interest in performance measures, a myriad of problems is associated with their development and implementation. The organizations studied have indicated that

“Measures to ensure achievement of client outcomes have traditionally been secondary to financial accountability” and “Funders are driven by ... financial accountability and not much else”. An overwhelming sentiment expressed by the organizations surveyed was that there was a lack of financial and human resources to make consistent performance measuring a reality. One respondent stated, “Administration is usually not funded directly and as such there are pressures to sustaining these kinds of accountability systems”. Another respondent added a major barrier was a lack of “resources to develop and implement evaluations or outcomes studies”. These responses make it clear that performance measurement goes beyond day to day statistics gathering.

Organizations participating in the survey documented the challenges of performance monitoring including: the change in mindset that involves greater equilibrium between financial and outcome based accountability; balancing the high demands of service delivery expectations with the expectations placed on staff to record and enter the data required to track, measure and assess outcomes; and, developing the expertise in the area of creating good metrics with ability to “collect, document and report out in a consistent and user friendly way”. One respondent summed up the challenges of performance measures this way: “...the expertise to develop the process – the time to implement the process and the money to fund the process”.

The tension of *we should do more*, as reflected in one respondent’s statement that “We would like to improve our impact story” is contrasted by another view which indicates an early fatigue with formalized measurements of accountability as expressed by the following statement of one survey respondent, “Given our external audited annual report, annual general

meeting, quarterly newsletters and weekly meetings - we believe that the community and clients know where the monies are being spent and who is getting results from the programs". Unless significant assistance is forthcoming in regards to providing the financial and staffing expertise required for quality assurance programs there is likely to be some ambivalence in the sector toward these measures.

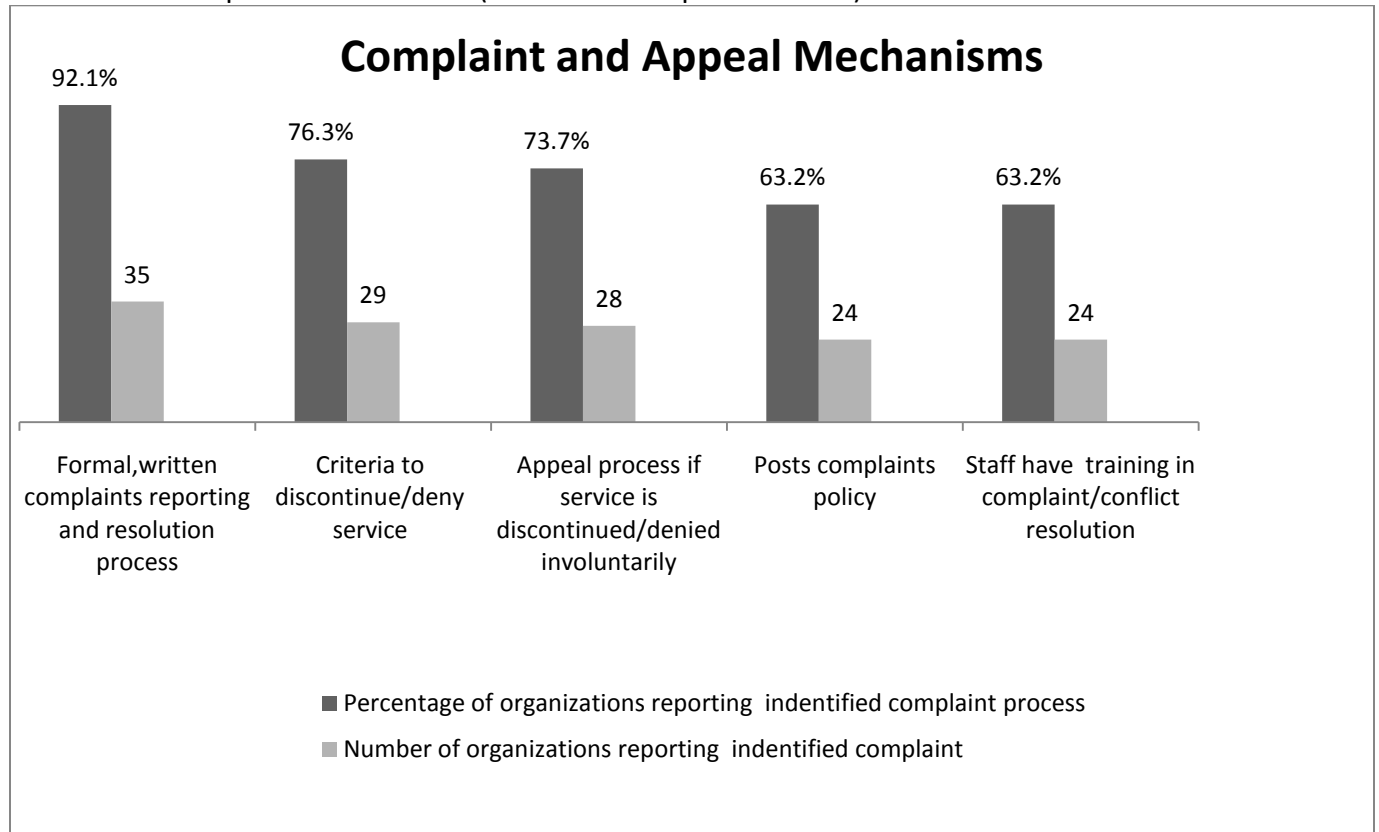
While outcome performance measurement and results were a major focus of this survey, other quality assurance measures have been identified by survey respondents. Some organizations indicated they submitted to voluntary accreditation processes, others participated in, or received information from advisory groups to stay informed and up to date; while others sat on local community committees. One organization indicated they created individual goals with clients and monitored their achievement as an outcome, while another held bi-annual reviews of client progress.

Complaint and Appeal Mechanisms (Accountability Related to Fairness):

Ninety-two percent (92%) of the organizations responding to this question indicated that they had a formally documented complaints reporting and resolution process. Sixty-three percent (63%) of organizations indicated their complaints policy was posted in a place where it was likely to come to their clients' attention. Over 76% of the organizations responding indicated that they had developed criteria in which service could be discontinued or denied involuntarily. Only 74% of the organizations indicated that they had an appeal process. Sixty-three percent (63%) of the organizations indicated that their staff had training in complaint and

conflict resolution. The information pertaining to complaint and appeal mechanisms is outlined in *Chart 4.15* below.

Chart 4.15: Complaint Mechanisms (Number of Respondents: 38)



The implementation of mechanisms of procedural fairness, as assessed through the mechanism of complaints and appeals processes in this survey raises some cause for concern. While a search of the internet demonstrated that some non-profit organizations had posted a very comprehensive complaints and appeal process on their websites, the results of this survey indicated that some safeguards were lacking. This concern was expressed by the fact that not *all* organizations had mechanisms to channel complaints; 37% of organizations did not publically post their complaint policy; 24% of organizations did not have established criteria in which services could be denied/discontinued; and, 26% of the organizations offered no appeal

process when services were involuntarily discontinued or denied. These concerns are compounded by the fact that one-third of the staff working in these organizations had no specific training related to complaints and conflict resolution; 25% percent of the staff working within these organizations did not receive specific human rights training and volunteers often did not receive regular formal supervision.

Professional Standards, Ethics and Practices:

All of the organizations responding to this survey indicated they had a Client Confidentiality Policy and a Conflict of Interest Guideline. Almost 98% had a written Code of Conduct and Anti-Harassment Policy. Ninety-two percent (92%) of the organizations indicated that they had formalized all their policies in writing and the same number oriented all their employees with their Code of Conduct prior to staff commencing their duties. Seventy-five percent (75%) trained their staff in Human Rights. Eight-five percent (85%) of organizations had a staff training budget. The survey indicated that almost 98% of organizations reported that their staff received regular formal supervision, while only 68% of organizations reported that volunteers had regular supervision. Eighty percent (80%) of organizations stated they engaged in best practices and information sharing with their peer organizations enhancing professional conduct. *Chart 4.16* below indicates the professional standards, ethics and practices existing within the non-profits organizations studied.

Chart 4.16: Professional Standards, Ethics and Practices (40 of 44 organizations responding)



The survey found a very high level of professional, ethical and practice standards within the organizations studied. Almost all of the organizations responding indicated that they had written policies and procedures relating to a Code of Conduct, Conflict of Interest Guidelines, Client Confidentiality Policies and Anti-Harassment Policies and being that the vast majority

reported they oriented staff and volunteers to these policies prior to commencing their duties, speaks to the depth of professional accountability found within these organizations.

Despite a finding that the necessary mechanisms are in place to provide a strong basis for professional, ethical and practice standards within the organizations studies, the finding that only 75% of staff was trained in Human Rights is of concern. Intimate knowledge of Human Rights Codes, and instruction in their interpretation and application, are essential elements for the provision of services without discrimination. In this regard, one would expect that all organizations would provide Human Rights training to all their staff, and should expect that the principles learned would be consistently applied in service delivery.

Analysis of the Mechanisms of Accountability:

In the overall assessment of the five broad areas of accountability it was noted that some mechanisms of accountability were highly developed such as those in the area of information and transparency; engagement activities; and professional standards, ethics and practices. The weaker areas of accountability included the area of complaint and conflict resolution, and more noticeably the area of quality assurance which will require significantly more discussion and thought to address a lack of formalized measures to ensure quality performance.

Given that non-profit organizations are often disassociated from the traditional mechanisms of public social services accountability in regards to complaint and impropriety reporting, the underdeveloped mechanisms of complaint reporting and conflict resolution within the organizations studied are of concern. Within public sector social services,

governments are subject to the inquiries/interventions and answerability to, Federal, Provincial, or Municipal elected representatives; administrative review boards/tribunals and specialized accountability offices such as the Language Commissioner and the Office of the Ombudsman, which are often lacking in the non-profit sector.

When asked if they felt “Clients of non-profit social services receive greater accountability than clients who receive social services directly operated by governments” (Question 24) only 20% of the respondents “strongly agreed” and a further 25% simply “agreed”, identifying low levels of confidence in accountability measures designed for their clients. This survey suggests some accountability safeguards for clients are lacking in the community based, non-profit sector. In fact, over 52% of survey respondents agreed their organization *should* offer greater accountability directly to the clients they serve (Question 25).

The importance of having robust conflict resolution within non-profit, social service organizations becomes apparent when marginalized and vulnerable individuals claim they have been poorly served, or denied food essentials, social supports, financial benefits, employment services, treatment, counselling, shelter or a variety of other programs or services, from non-governmental organizations.

Providing accountability, however, is no easy task. This survey asked respondents to identify what challenges they faced in providing accountability directly to clients (Question 37). The responses to this question were varied and many. Responses were broken down into four primary components: client centred barriers to accountability, socially based barriers to accountability; administrative barriers; and, a lack of funding. These barriers are outlined in *Chart 4.17*.

Chart 4.17: Challenges to Providing Accountability to Clients (Number of Respondents: 27)

Client Centred Barriers to Accountability	<ul style="list-style-type: none"> • Transience prevents contact, communication evaluation or follow-up • Limited contact: some issues may be resolved during a single visit • Dynamic nature of needs/interests create multiple focuses for delivering accountability • Crisis or in confused state when accessing services • Varying degrees of mental wellness/capacity • Personal worries and struggles may not permit them to take an interest in accountability issues
Socially Based Barriers to Accountability	<ul style="list-style-type: none"> • Geographic isolation and a lack of mobility • Social isolation • Lack of personal or other supports to work in conjunction with the services offered • Stigma associated with certain problems may create a limited desire for contact beyond what is necessary • Goal misalignment between stakeholders may place greater emphasis on certain accountabilities over others
Administrative Barriers	<ul style="list-style-type: none"> • Competing accountability priorities • The need to balance service demands with administrative demands • Lack of accountability infrastructure including a lack of (quality) metrics • Time required for data collection/entry • Lack of expertise/deficiencies in staff skill sets related to accountability • Manner in which services are delivered may create a lack of close contact (e.g. drop in center) or cohesion (e.g. phone, drop-in, home based or community based) when establishing accountability measures • Poor staff moral: increasing demands and expertise, with little improvement for staff in terms of compensation
Funding Barriers	<ul style="list-style-type: none"> • Lack of funding to establish and develop accountability related initiatives • Lack of funding for overall administrative processes • Lack of funding to conduct outcome studies

In terms of their clients, many organizations indicated that follow-up with clients was difficult as many were transient; communication challenges resulted from language barriers, mental health issues, or cultural differences that make information gathering and the interpretation of information complicated; and that social barriers posed by geographic isolation, limited education and poverty also posed challenges for accountability. Stigma associated with receiving some services also meant that some clients did not want any contact beyond the necessary to resolve their issue: and it was pointed out, some clients were uninterested in accountability as “they have their own worries”, perhaps significantly more important to them than accountability. An interesting observation can be made that as clients’ problems and issues are resolved, some barriers to providing accountability to clients can be reduced or eliminated.

Other widely identified difficulties noted among respondents to the survey were competing interests and lack of resources. One organization noted, “Governments and clients want different things” while many organizations noted service delivery had to be balanced with administrative duties and other accountability demands. In terms of resources, organizations identified underfunding; a lack of knowledge and expertise in staff skill sets, as well as a lack of investment in staff wages and benefits which affect the ability of organizations to both attract and retain qualified staff for the task. Others pointed to the lack of infrastructure and the time constraints that often decided which accountability mechanisms would actually be offered and sustained.

Providing accountability to clients is a complicated and lightly explored area within non-profit study. The future success of these organizations, however, will in part depend on their ability to respond to growing demands for accountability in all areas of their organizations, especially those parts of accountability that deal with accountability to clients.

CHAPTER FIVE

Enhanced Stewardship Over Non-Profit Resources

The Vision of “Enhanced Stewardship” Over Non-Profit Resources

Stewardship over non-profit resources implies a responsibility to ensure that funds are spent wisely, service delivery values are achieved, and that mechanisms are in place to ensure high quality, responsive services for those requiring them. Stewardship of non-profit resources can often take on a wide variety of forms in the non-profit sector. While it often involves financial reporting, it also can involve achieving service delivery objectives, high client satisfaction levels, ensuring high professional and ethical standards, procedural fairness or other accountabilities that involve promoting democratic principles such as participatory governance, respect for diversity, and cohesion with the goals and objectives of the community.

The principles behind Resource Dependency Theory suggest that non-profit accountability profiles have been skewed toward funders who impose expensive and labour intensive instrumental accountabilities. Primarily rooted in financial and operational accounting, government imposed accountability has created narrowly focused accountability that sees community members primarily as taxpayers at the expense of their roles as service users and citizens. Empirical evidence collected in the context of this study confirms that the accountability profile of 44 non-profit social service organizations operating in the City of Toronto demonstrated an *accountability bias* which led these organizations to spend the majority of their accountability time on providing upward financial reporting to governments at the expense of the accountability values held by other stakeholders.

Enhanced stewardship over non-profit resources requires that a greater number of accountability measures play a role in providing comprehensive and well rounded accountability. For non-profit organizations, this requires reorienting and rebalancing their accountability profiles so that greater equilibrium is achieved in the amount and type of accountability different accountability holders receive. While in the current fiscal environment it is understandable that a financial scandal may be ruinous, and that financial risks should be understood and managed, this does not mean that financial management should be the only or predominate way to manage accountability. While the value of financial reporting is implicit, it must be understood that financial reporting is only one means of creating trust.

This paper proposes that government funders should be enticed to relax financial reporting requirements in exchange for an *enhanced stewardship* over non-profit resources. By placing greater focus on downward accountability and the lateral aspects of accountability that work in conjunction with it, this paper suggests that broadened and more balanced accountability profiles will result. A problem identified in the early stages of this research was that very little information was available in regard to the actual mechanisms of downward accountability that existed within non-profit social service organizations. This research filled a dent in that void by developing a framework in which accountability to clients could be assessed and by developing an inventory of mechanisms utilized by a sample of non-profit organizations to offer accountability to clients.

The results of the survey produced compelling evidence that non-profit organizations have taken their obligations to provide responsive, high quality, and effective services seriously. The organizations who provided data for this study displayed a commitment to engagement

activities; local information sharing and transparency, high professional, ethical and practice standards; and to a lesser but still substantial degree, mechanisms and strategies that ensure procedural fairness, dispute resolution and performance management. While some deficiencies were identified in terms of volunteer supervision, conflict resolution, human rights training and performance measurement, the overall results of this study demonstrated sufficient parameters existed to embark on an agenda of enhanced and reformed accountability. While this study took the respondents' self-declarations at face value and without scrutiny, this introductory study shows a positive initial assessment of downward accountability.

The comprehensive methods of user friendly communication reported by the organizations participating in this study demonstrated that accountability was evident at the local level. Local transparency ensures that clients, community leaders, peer organizations, and other organizations of the social economy are aware of non-profit activities. It is at this level that organizational activities can be best assessed in terms of community needs and program outcomes, and where organizational problems and issues are likely to be first identified. When community focused transparency is present, community minded individuals and community activists can take preventive and pre-emptive actions to ensure program integrity is maintained and that non-profit organizations deliver what they promise. Even though local transparency can be an effective means for early identification and intervention of organizational problems, the development of objective, sector wide standards, and, increased reporting to peer organizations, may also increase transparency and support the goals of enhanced stewardship of non-profit resources.

Working in conjunction with transparency are activities which can be connected to responsiveness. Organizations demonstrating high levels of engagement will have a lot to offer their government funders in terms of ensuring community needs are met. Not only are engagement activities exceptional tools to develop organizational knowledge and expertise around local issues, they create a sense of duty and connectedness to communities in which organizations will strive to deliver the most effective and responsive services possible to their local constituents. Engagement activities also ensure that services move beyond generic conceptualizations of need; to a more community sensitive service delivery that reflects the reality and experiences of the community members. By identifying community needs, and by delivering the right services to people, both efficiency and credibility are enhanced.

While there has been some ambivalence toward performance measurement in the non-profit sector, this study has demonstrated that many non-profit organizations are actively taking steps to review the impacts of their program services and activities. Many organizations have developed performance metrics that include local and client focused meanings, which permit community constituents to evaluate outcome reports from their own perspectives and in their own subjective terms. This type of performance measuring can be linked to client self-determination and help identify value in programs that might otherwise be undiscovered. The additional benefits of locally developed and implemented performance measures are that they are likely to be linked to organizational mission, reflect individual and community needs and promote mission adherence. Sector wide, standardized and imposed performance that reflects the narrow views of multiple levels of governments may lack sufficient flexibility to meet local needs; lack the local context making them hard to evaluate; and possess little meaning to

clients, and even the government funders requesting the information. They may also convey value judgements that may not translate well among other stakeholders.

This study demonstrates that early approaches to the development of performance metrics in the non-profit sector have resulted in efforts to link metrics to the satisfaction of non-profit mission, and, individual and community needs. Given the need of governments and non-profit organizations to accommodate diversity, the creative and individualized ways non-profit organizations are beginning to deal with the issues of performance measures will provide valuable information on the impacts of their work in relation to the particular populations they serve. This study also found, however, that tension related to providing performance accounting exists. These activities are not adequately funded, considerable expertise is required to develop appropriate metrics and metrics do not easily cross different service boundaries. At times, the measurement of results requires long term study or client feedback and co-operation that may be difficult to acquire. Governments interested in performance information must appropriately fund these activities and provide leeway for service providers to create performance metrics that make sense for non-profit organizations and have meaning for their constituents.

In terms of professional and ethical guidelines, this study has demonstrated that non-profit organizations possess a variety of mechanisms by which organizational and professional behaviour can be assessed. This is of direct benefit to clients who expect reasonable standards to govern organizational behaviour. High professional standards provide a baseline to ensure human dignity and human rights are preserved. Non-profit social services often deal with the sensitive issues of individuals who may be in crisis, vulnerable, disadvantaged or

disenfranchised. Enhanced stewardship over non-profit resources ensures that standards exist to hold organizations and individuals accountable when conduct or systems fail. This is an area that governments, and those involved in developing sector wide standards, should be intimately knowledgeable. The ethical integrity of non-profit organizations speaks to the mutual interests of clients, governments and non-profit organizations themselves.

Finally, enhanced stewardship over non-profit resources means that clients and service users are provided with processes to deal with complaints and disputes on an ongoing basis. Not only do these mechanisms provide evaluative processes and opportunities to assess compliance and standards, they also identify areas requiring improvement. Most importantly, these mechanisms provide for fairness and corrective action when things go wrong.

The research presented by this study provides rationality for a new focus on downward accountability. Not only does a downward mechanism of accountability have benefits to overall accountability, it also provides benefits for multiple stakeholders. The benefits for clients are obvious in terms of greater safeguards to ensure their interests. Given that downward accountability also requires that service users have direct input into non-profit operations, through various feedback loops, users should have increased confidence in the services they receive.

Governments can also rest assured that mutual interests are served. The categorical "accountability to clients" framework presented in this paper shows that public sector and universal notions of downward accountability, share a lot in common with non-profit accountability activities and that investments in the mechanisms of downward accountability will promote the mutual interests of both sectors. Not only will enhanced stewardship over

non-profit resources mean that financial integrity within non-profit organizations remains important, but the broader values behind publicly funded services will also assume greater dominance.

Benefits of reoriented and rebalanced accountability are also evident for non-profit organizations. As non-profit organizations have long known, accountability focused solely on costs and imposed measures of subjective performance, lose sight of the fact that the values behind non-profit service are not dollars and "sense" equations but involve relationships of individualized service and human compassion. The benefits of accountability reform to non-profit organizations may include less attention on imposed accountability and more focus on voluntary and holistic accountability based on internal, lateral and downward accountability, where the face of accountability is more visible and more deeply felt in terms of organizational mission.

Increased satisfaction may also result as non-profit organizations exercise greater control over how accountability is offered; are able to implement community responsive accountability based on flexibility and local knowledge, and implement systems that work better with non-profit mission, the interests of the sector, and the beneficiaries of non-profit services. Concerns over diminished autonomy, innovation, and low employee moral may also be reduced as the orientation of non-profit accountability profiles change. Greater levels of client trust and community support, established through mechanisms of redirected accountability, will increase sectoral alliances, increase credibility and permit greater risk taking in terms of exploring new ideas.

One of the biggest benefits of an enhanced accountability to clients is greater legitimacy for the sector to act both as an advocate and policy maker for their clients. The value and impact story of non-profit organizations cannot be told unless the clients become front and center of discussions.

In practical terms, enhanced stewardship over non-profit resources requires non-profit organizations to audit the way they provide accountability within their organizations, and, examine how they distribute accountability among stakeholders. Furthermore, it requires non-profit organizations to be more consistently and productively focused on the means and mechanisms of lateral and downward accountability. In collaboration with stakeholders, holistic accountability tools and best practices for the sector will need to be established. For governments, enhanced stewardship over non-profit resources means moving beyond narrowly focused financial and performance reporting to embrace the multiple interests of stakeholders. While achieving enhanced stewardship over non-profit resources will involve give and take, its overall effect will achieve the mutual and reciprocal interests of governments, non-profit organizations, clients, and other stakeholders. Accountability that speaks to, and ensures the needs of multiple stakeholders, will likely see increased value for non-profit services and programs, as well as higher levels of public trust and user confidence.

Is the Sector Ready for Enhanced Stewardship Over Scarce Non-Profit Resources?

The overall results of this study demonstrate that providing accountability to clients is of high importance to the non-profit organizations surveyed. While the senior non-profit executives surveyed have indicated that governments demand and receive more accountability than other stakeholders, the vast majority of respondents agreed that accountability could be

better integrated so that a greater number of stakeholders benefit (Question 12). The study also showed that the senior executives believed that accountability offered to governments benefited clients, and accountability offered to clients benefited governments (Questions 14 and 15). These results demonstrate that the accountability needs of governments, clients and non-profit organizations are not mutually exclusive. The real challenge for non-profit organizations is finding a balance between financial and performance accountability, with accountabilities related to social, individual and community concerns.

While this study suggests that mechanisms of downward accountability to clients can serve as a basis of accountability reform, the reality exists that no matter how comprehensive and effective existing mechanisms of client accountability are, they only become credible and trusted accountability tools, when they are consistently and routinely employed *and* stand up to external scrutiny. If non-profit organizations cannot collectively review, certify and endorse the value and quality of downward directed accountability tools, others, including clients and governments, will be hesitant to adopt them as bona fide accountability safeguards.

The fact that senior executives participating in this study identified their non-profit peers as the single least important accountability stakeholder does not bode well for quick accountability reform. If non-profit organizations are seeking to avoid the problems associated with the current *accountability bias*, based in skewed and imposed accountability, they must present valid alternatives to government control. Collectively, the sector must use its own initiative and expertise to develop its own standards of accountability and brand and market them in such a way that they become highly respected.

Additionally, sectoral alliances should become more fully developed and be used more effectively in order to ensure that non-profit accountability objectives are realized. The vision of the future should be a cohesive, unified non-profit sector that has taken accountability into its own hands. In an ideal world, the non-profit sector would not be reaching out to multiple levels of government to seek better terms of accountability, but instead would have governments approach them for accountability guidance and expertise. The sector's growing recognition as a significant economic contributor should also have new meaning in terms of the sector's influence. While the Broadbent Report has suggested government controls and self-regulation initiatives should serve as the basis of non-profit accountability, government controls appear to have dominated non-profit accountability plans.

Finally, for the non-profit social service sector to achieve the goals of enhanced and reformed accountability, it must increase the voices of their clients to permit them to assert their views and preferences and ensure that accountability is provided in a consistent and meaningful way to service users.

In that non-profit organizations have, by and large, taken on the challenges of providing downward accountability, this study concludes that the conditions are right for broadened, holistic and enhanced stewardship over scarce non-profit resources.

Recommendations for Governments Funders

- Recognize that downward accountability is an efficient and effective means of ensuring user confidence and public trust.
- Broaden accountability to work with the holistic and mutual interests of citizens, service users, taxpayers, non-profit organizations and governments.
- Understand that systems of internal and lateral accountability have greater buy-in than those systems based on imposed authority.
- Audits should focus on issues of engagement; local transparency; ethical, professional and practice standards; performance; and complaint and conflict resolution processes to ensure services values are achieved.
- Define accountability relationships as a partnership.
- Facilitate sector wide standards.
- Provide the resources necessary to achieve high quality and well rounded accountability.
- Determine the degree to which services providers can act as the legitimate voices of their constituents.

Flexibility and Funding for Performance Reporting:

- Initiatives around performance measurement should be flexible and locally designed in order to implement metrics that have local meaning.
- Performance reporting should be mandated in such a way that both funders and the local community are the beneficiaries of performance information.
- Performance management should be accompanied by specific funding for the development and implementation of performance measuring systems.

Recommendations for Non-Profit Organizations

- Reorient and refocus organizational accountability profiles so that all stakeholders benefit.
- Recognize clients and the community as the greatest source of non-profit legitimacy.
- Promote and focus on the common interests of non-profit stakeholders.
- Promote the mutual interests of governments and non-profit organizations.
- Promote greater information sharing and best practices to support the development of holistic accountability.
- Take ownership of accountability by focusing on standards and self-regulation.
- Brand highly effective, respected and visible accountability measures for clients.
- Forge greater sectoral alliances to level the playing field between government funders and the sector.
- Resist normative and dominant conceptualizations of accountability that diminish the accountability needs of clients and the non-profit sector.

Recommendations for Future Study

While this study has inventoried the mechanisms of client accountability that exist in non-profit organizations, it has not conducted a detailed analysis of their composition and quality. Further research should be completed to determine the depth of accountability that the identified accountability mechanisms actually offer non-profit service users. Additionally, this study has presented a framework of accountability to clients that have borrowed heavily from public sector and non-profit conceptualization of accountability without directly consulting with non-profit service users. Further research originating from the perspectives of non-profit service users might serve to enhance knowledge around the types and kinds of accountability that non-

profit services users identify as being important to them. Finally, as 45% of the respondents to this survey have suggested that the users of non-profit social services receive more accountability than recipients of public sector social services (Question 24), an empirical test of this assertion would be insightful.

CONCLUSION

The current state of government - non-profit funding has created an *accountability bias* where the dominant and normative views of government, often influenced by neo-liberal principles, have come to define and dominate non-profit accountability. This paper has suggested that refocusing non-profit accountability in a downward direction will provide a more comprehensive and holistic accountability that also works better with democratic principles and social missions. Not only will values such as participatory governance, equality, procedural fairness, diversity, civic engagement and social responsibility have greater importance, but wide-ranging mechanisms of downward accountability will permit service users to become active participants in non-profit oversight. Clients will have a means of providing continuous feedback to non-profit organizations about their needs, expectations, and satisfaction levels. In their new roles, clients will also contribute to a new understanding of the concepts of efficiency and effectiveness through their unique perspectives.

The benefit of holistic accountability is broadened and well balanced accountability that creates *enhanced stewardship over scarce non-profit resources*. Governments and non-profit organizations should ensure that they work together to achieve this goal. The rewards will be increased user confidence and much needed public trust. Of equal importance, clients will be provided with additional safeguards to ensure high quality and responsive services within the context of a social safety net that seeks to preserve their human dignity and promote their well-being.

The 44 non-profit social services organizations contributing data to this study provided evidence that healthy systems of accountability for clients exist within non-profit social services

organizations. These findings provide a solid base to commence accountability reform. The study also notes, however, that investments by non-profit organizations in sector wide accountability initiatives are necessary if mechanisms of downward accountability are to have the credibility to convince government funders and other stakeholders of their value. Mechanisms of downward accountability must be well respected, well conceptualized and consistently applied to provide the intended benefits.

Additionally, the Senior Executives participating in the study identified that few accountability trade-offs are likely to be made to achieve accountability reform. All aspects of non-profit accountability are accorded high importance. The conclusion to be reached is that accountability reform can only be achieved through rebalancing existing non-profit accountability profiles, rather than eliminating any aspects of them. As a final note, this paper advocates that accountability reformers align themselves with co-operative and collaborative approaches in which the mutual interests of multiple stakeholders and non-profit organizations become the central focus of change. Win/win solutions provide greater momentum for change than adversarial methods.

It is evident that further research is required in relation to the operation of downward accountability. In hopes of creating further interest in the area of accountability to clients in the non-profit sector, this thesis has provided an introductory framework for providing accountability to clients, captured the accountability perceptions of Senior Executives working in non-profit social services organizations, created an inventory of the mechanisms of downward accountability, outlined the difficulties associated with providing downward

accountability and proposed a strategy for accountability reform. All of these issues are worthy of further research and study.

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APPENDIX

Appendix A - Non-Profit Social Services Accountability Survey/Questionnaire

Non-Profit Social Services Accountability Survey/Questionnaire






1. Please identify your organization's target client group(s).			Response Percent	Response Count
Aboriginal People			22.2%	8
Low Income People			50.0%	18
Immigrant Populations			41.7%	15
Disabled People			36.1%	13
Families			52.8%	19
Youth			50.0%	18
Unemployed People			30.6%	11
Women			47.2%	17
Ethnic Community			41.7%	15
Seniors			41.7%	15
Mental Health/Addictions			47.2%	17
Lesbian, Gay, Bisexual, Transsexual, Transgender, Intersex, Queer/Questioning, 2 Spirited			19.4%	7
Other (please specify)				20
answered question				36
skipped question				8



2. Please identify the services delivered by your organization.

	Response Count
	42
answered question	42
skipped question	2











3. Please identify the number of staff you have dedicated to the programs you offer within the City of Toronto.

		Response Percent	Response Count
Number full-time staff		100.0%	42
Number of part-time staff		90.5%	38
Number of volunteers		97.6%	41
	answered question		42
	skipped question		2










4. Does your organization also operate in other locations outside of the City of Toronto?

		Response Percent	Response Count
Yes		20.5%	9
No		79.5%	35
	answered question		44
	skipped question		0

5. Please indicate which of the below options best describe your organization's budget (if your organization has multiple locations, please estimate the budget for the locations that operate within the City of Toronto).

		Response Percent	Response Count
Less than \$249,999.00		4.5%	2
\$250,000 - \$499,999		11.4%	5
\$500,000 - \$999,999		4.5%	2
\$1,000,000 - \$1,999,999		22.7%	10
\$2,000,000 - \$2,999,999		15.9%	7
\$3,000,000 - \$3,999,999		11.4%	5
\$4,000,000 - \$4,999,999		2.3%	1
\$5,000,000 - \$9,999,999		11.4%	5
\$10,000,000 - \$14,999,999		4.5%	2
more than \$15,000,000		11.4%	5
answered question			44
skipped question			0

6. Please indicate ALL the funding sources that apply to your organization.

		Response Percent	Response Count
Municipal grants/service contracts/funding		77.3%	34
Provincial grants/service contracts/funding		93.2%	41
Federal grants/service contracts/funding		63.6%	28
Core funding agency (e.g. United Way)		65.9%	29
Corporate donations/sponsorships		75.0%	33
Individual donations		95.5%	42
Assistance in kind (e.g. below market rent)		38.6%	17
User fees		31.8%	14
Business activities		13.6%	6
	Other (please specify)		5
answered question			44
skipped question			0






7. Please estimate the percentage of your total budget that comes from all government sources.

		Response Percent	Response Count
none		0.0%	0
less than 10%		6.8%	3
10% - 20%		0.0%	0
20% - 30%		2.3%	1
30% - 40%		0.0%	0
40% - 50%		13.6%	6
50% - 60%		4.5%	2
60% - 70%		27.3%	12
70% - 80%		18.2%	8
80% - 90%		22.7%	10
More than 90%		4.5%	2
answered question			44
skipped question			0






8. Please indicate how important you believe it is for your organization to provide accountability to the the following stakeholders.

	Extremely Important	Very Important	Moderately Important	Slightly Important	Not at all Important	Rating Average	Response Count
Government Funders	78.6% (33)	21.4% (9)	0.0% (0)	0.0% (0)	0.0% (0)	1.21	42
Individual Private Donors	71.4% (30)	21.4% (9)	7.1% (3)	0.0% (0)	0.0% (0)	1.36	42
Corporate Donors/Sponsors	71.8% (28)	25.6% (10)	2.6% (1)	0.0% (0)	0.0% (0)	1.31	39
Clients	78.6% (33)	21.4% (9)	0.0% (0)	0.0% (0)	0.0% (0)	1.21	42
Core Funding Agencies (e.g. United Way)	67.6% (23)	23.5% (8)	2.9% (1)	0.0% (0)	5.9% (2)	1.53	34
Non-profit Peers	43.9% (18)	26.8% (11)	26.8% (11)	0.0% (0)	2.4% (1)	1.90	41
The Community in which we operate	66.7% (28)	28.6% (12)	4.8% (2)	0.0% (0)	0.0% (0)	1.38	42
answered question							42
skipped question							






9. In our organization, we have difficulty managing the accountability demanded by our multiple stakeholders.

		Response Percent	Response Count
Strongly Agree		14.6%	6
Agree		39.0%	16
Neither Agree or Disagree		9.8%	4
Disagree		22.0%	9
Strongly Disagree		14.6%	6
answered question			41
skipped question			3





10. Governments demand more accountability than other stakeholders.

		Response Percent	Response Count
Strongly Agree		35.7%	15
Agree		33.3%	14
Neither Agree or Disagree		19.0%	8
Disagree		7.1%	3
Strongly Disagree		4.8%	2
answered question			42
skipped question			2





11. In our organization, I believe that government funders receive more accountability than our clients.

		Response Percent	Response Count
Strongly Agree		19.0%	8
Agree		38.1%	16
Neither Agree or Disagree		26.2%	11
Disagree		14.3%	6
Strongly Disagree		2.4%	1
answered question			42
skipped question			2



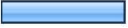

12. In our organization, I believe the mechanisms of accountability can be better integrated so that multiple stakeholders, including clients, can be satisfied using the same measures.

		Response Percent	Response Count
Strongly Agree		43.9%	18
Agree		51.2%	21
Neither Agree or Disagree		2.4%	1
Disagree		2.4%	1
Strongly Disagree		0.0%	0
answered question			41
skipped question			3





13. I believe that governments are more interested in financial accountability as opposed to expressive accountability (e.g. adherence to organizational mission, customer service standards, and making positive impacts on the clients and communities we serve).

		Response Percent	Response Count
Strongly Agree		24.4%	10
Agree		51.2%	21
Neither Agree or Disagree		17.1%	7
Disagree		7.3%	3
Strongly Disagree		0.0%	0
answered question			41
skipped question			3



14. I believe the accountability provided to the funders of our services directly benefits and serves the interest of clients.

		Response Percent	Response Count
Strongly Agree		23.8%	10
Agree		45.2%	19
Neither Agree or Disagree		23.8%	10
Disagree		7.1%	3
Strongly Disagree		0.0%	0
answered question			42
skipped question			2


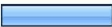
15. I believe that the accountability provided to clients directly benefits and serves the interest of governments.

		Response Percent	Response Count
Strongly Agree		31.0%	13
Agree		40.5%	17
Neither Agree or Disagree		23.8%	10
Disagree		4.8%	2
Strongly Disagree		0.0%	0
answered question			42
skipped question			2



16. Based on your experience, please indicate how important it is for your organization to adhere to its mission, vision or value statements.

		Response Percent	Response Count
Extremely Important		87.8%	36
Very Important		12.2%	5
Moderately Important		0.0%	0
Slightly Important		0.0%	0
Not at all Important		0.0%	0
answered question			41
skipped question			3




17. Based on your experience, please indicate how important it is to your organization to adhere to the legal statutes and legal requirements that govern your organization.

		Response Percent	Response Count
Extremely Important		78.6%	33
Very Important		21.4%	9
Moderately Important		0.0%	0
Slightly Important		0.0%	0
Not at all Important		0.0%	0
answered question			42
skipped question			2





18. Based on your experience, please indicate how important it is for your organization to provide a financial accounting of your operations.

		Response Percent	Response Count
Extremely Important		90.5%	38
Very Important		9.5%	4
Moderately Important		0.0%	0
Slightly Important		0.0%	0
Not at all Important		0.0%	0
answered question			42
skipped question			2




19. Based on your experience, please indicate how important it is to your organization to establish clear performance measurements in order to be able to demonstrate the positive impact of your services on clients.

		Response Percent	Response Count
Extremely Important		52.4%	22
Very important		40.5%	17
Moderately Important		7.1%	3
Slightly Important		0.0%	0
Not all Important		0.0%	0
answered question			42
skipped question			2




20. I believe that government funders place a high level of trust in our organization.

		Response Percent	Response Count
Strongly Agree		50.0%	21
Agree		35.7%	15
Neither Agree or Disagree		11.9%	5
Disagree		2.4%	1
Strongly Disagree		0.0%	0
answered question			42
skipped question			2





21. I believe that the clients we serve have a high level of trust in our organization.

		Response Percent	Response Count
Strongly Agree		61.0%	25
Agree		31.7%	13
Neither Agree or Disagree		7.3%	3
Disagree		0.0%	0
Strongly Disagree		0.0%	0
answered question			41
skipped question			3





22. Our organization meets all of its accountability demands.

		Response Percent	Response Count
Strongly Agree		57.1%	24
Agree		33.3%	14
Neither Agree or Disagree		9.5%	4
Disagree		0.0%	0
Strongly Disagree		0.0%	0
answered question			42
skipped question			2



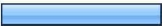

23. In our organization, we are satisfied with the level of accountability we offer our clients.

		Response Percent	Response Count
Strongly Agree		33.3%	14
Agree		50.0%	21
Neither Agree or Disagree		9.5%	4
Disagree		7.1%	3
Strongly Disagree		0.0%	0
answered question			42
skipped question			2





24. Clients of non-profit social services receive greater accountability than clients who receive social services directly operated by governments.

		Response Percent	Response Count
Strongly Agree		20.0%	8
Agree		25.0%	10
Neither Agree or Disagree		50.0%	20
Disagree		5.0%	2
Strongly Disagree		0.0%	0
answered question			40
skipped question			4




25. I believe that our organization should offer greater accountability directly to the clients we serve.

		Response Percent	Response Count
Strongly Agree		14.3%	6
Agree		38.1%	16
Neither Agree or Disagree		31.0%	13
Disagree		16.7%	7
Strongly Disagree		0.0%	0
answered question			42
skipped question			2





26. Our organization cares as much about the community in which we operate as we do about our own clients.

		Response Percent	Response Count
Strongly Agree		36.6%	15
Agree		56.1%	23
Neither Agree or Disagree		4.9%	2
Disagree		2.4%	1
Strongly Disagree		0.0%	0
answered question			41
skipped question			3

27. I believe our organization is well respected in the community.

		Response Percent	Response Count
Strongly Agree		59.5%	25
Agree		35.7%	15
Neither Agree or Disagree		4.8%	2
Disagree		0.0%	0
Strongly Disagree		0.0%	0
answered question			42
skipped question			2







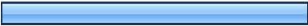
28. In our organization, accountability primarily arises as a result of a desire to have good governance.

		Response Percent	Response Count
Strongly Agree		38.1%	16
Agree		42.9%	18
Neither Agree or Disagree		11.9%	5
Disagree		7.1%	3
Strongly Disagree		0.0%	0
answered question			42
skipped question			2











29. Based on your knowledge of your organization, please rank the amount of time your organization spends on providing accountability to the following interests.


	Most time	2nd Most Time	3rd Most Time	4th Most Time	5th Most Time	Least Time	Rating Average	Response Count
Clients	17.9% (7)	28.2% (11)	25.6% (10)	12.8% (5)	7.7% (3)	7.7% (3)	2.87	39
Communities	0.0% (0)	13.5% (5)	21.6% (8)	29.7% (11)	24.3% (9)	10.8% (4)	3.97	37
Government funders	71.8% (28)	17.9% (7)	5.1% (2)	5.1% (2)	0.0% (0)	0.0% (0)	1.44	39
Core funding agencies (e.g. United Way)	6.3% (2)	40.6% (13)	15.6% (5)	15.6% (5)	0.0% (0)	21.9% (7)	3.28	32
Corporate donors/sponsors	2.9% (1)	2.9% (1)	22.9% (8)	22.9% (8)	34.3% (12)	14.3% (5)	4.26	35
Private non-corporate donors	2.7% (1)	5.4% (2)	16.2% (6)	18.9% (7)	24.3% (9)	32.4% (12)	4.54	37
answered question								39
skipped question								5

30. Please indicate all the ways your organization provides information about itself to clients.






		Response Percent	Response Count
our organization has a mission, mandate or vision statement		97.5%	39
our organization posts our mission, mandate or vision statement in a place where it is likely to come to the public's attention		87.5%	35
our organization regularly reviews and revises our mission, mandate or vision statement based upon changing demands/needs		80.0%	32
our organization completes an annual report		95.0%	38
our annual report is made widely available to our clients and the communities we serve		85.0%	34
our organization makes informational material available to our clients in a language that they are likely to understand		75.0%	30
our organization offers services in a language(s) that reflect the demographics of our neighbourhood and in a language our clients are likely to understand		72.5%	29
our organization offers services in both English and French		17.5%	7
our organization regularly provides our clients opportunities to interact with the board and/or executive team regarding the activities of our organization		60.0%	24
answered question			40
skipped question			4

31. Please indicate all the ways your organization engages the clients and communities you serve.





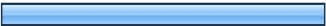
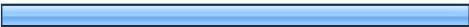
		Response Percent	Response Count
our organization conducts outreach activities in the community		92.5%	37
our organization holds consultations directly with our clients/potential clients to identify needs		80.0%	32
our organization involves community stakeholders to identify community needs		72.5%	29
our organization directly involves clients in the development of our programs		72.5%	29
our organization involves community stakeholders in the development of our programs		52.5%	21
our organization has gathered input from our clients using a focus group, client satisfaction survey, or other similar method within the past 12 months		100.0%	40
our organization regularly consults with front line staff to identify new or emerging needs		95.0%	38
our organization belongs to a formal network or organization for the purposes of consultation and information sharing		87.5%	35
our organization has attended conferences, symposiums or round tables within the past six months in regards to the services we provide		90.0%	36
our organization has hosted a conference symposium or round table discussion in regards to the services we offer within the past		50.0%	20

two years			
not including this survey, our organization has been part of a research project within the past 3 years		80.0%	32
answered question			40
skipped question			4

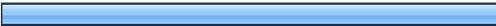




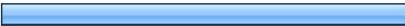
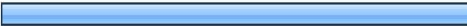
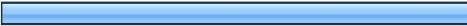

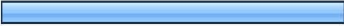
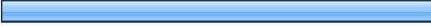
32. Please indicate all the measures your organization uses to ensure quality performance.

		Response Percent	Response Count
our organization conducts internal audits or reviews to identify and ensure community needs are met		92.1%	35
our organization has procedures and criteria to measure the impact of our interventions with clients and the communities with whom we interact		68.4%	26
our organization has an established mechanism to track the outcome of our interventions		63.2%	24
our organization shares our performance outcomes with the clients and communities we serve		50.0%	19
our organization reviews and compares our performance measures and results with our non-profit peers and other organizations who engage in similar activities		50.0%	19
answered question			38
skipped question			6

33. Please indicate the mechanisms your organization has in place to manage client complaints.

		Response Percent	Response Count
our organization has a formally documented complaints reporting and resolution process		92.1%	35
our organization has a complaint policy posted in public areas or in place that it is likely to come to our client's attention		63.2%	24
our organization has specific criteria which outlines the reasons why service can be denied/discontinued involuntarily		76.3%	29
our organization has an appeal process when a service is denied/discontinued involuntarily		73.7%	28
our staff receives specific training in complaints/conflict resolution		63.2%	24
our organization readily makes available the names of our executives (e.g. via internet, on letterhead, posted on message boards in public areas etc.) to ensure that individuals and community members have access to these individuals when requested.		92.1%	35
answered question			38
skipped question			6

34. Please indicate if the following professional standards, ethics or practices exist within your organization.

		Response Percent	Response Count
our organization has a written Code of Conduct		97.5%	39
our organization ensures all staff have training in human rights		75.0%	30
our organization has an anti-harassment policy		100.0%	40
our organization has a client confidentiality policy		97.5%	39
our organization has a conflict of interest guideline		100.0%	40
our organization engages in best practices/information sharing with other organizations to ensure we deliver high quality services at a level comparable to our peer organizations		80.0%	32
our organization has formalized all of our policies and have made them readily accessible to staff either by a written manual or online portal		92.5%	37
all staff and volunteers receive an orientation to a Code of Conduct and other professional policies prior to commencing their duties		92.5%	37
all staff receive regular formal supervision		97.5%	39
all volunteers receive regular formal supervision		67.5%	27
our organization has a training budget to ensure professional competency and/or permit staff to upgrade their skills		85.0%	34

answered question	40
skipped question	4

35. Does your organization provide any other accountability to the clients and/or communities you serve that have not been listed above.

Response Count	11
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answered question	11
skipped question	33

36. Do you believe that your organization has achieved a balanced accountability profile where all stakeholders, including clients, receive the right amount of accountability?

Response Count	29
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answered question	29
skipped question	15

37. What challenges does your organization face in providing accountability directly to clients?

Response Count	27
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answered question	27
skipped question	17

38. Please provide any additional comments you would like to make on accountability to clients in non-profit social service organizations.

Response Count	
13	
answered question	13
skipped question	31

39. Please provide any comments you may have on the design and structure of this survey.

Response Count	
14	
answered question	14
skipped question	30

Appendix B - Verbatim Responses to Open Text Questions

(Organization and program names removed)

35. Does your organization provide any other accountability to the clients and/or communities you serve that have not been listed above.

Verbatim Responses:

XXXXXX participates in a voluntary, health sector accreditation process

Our by-laws stipulate that at least one former client will sit on the board of director

N/A

Our agency is accredited by accreditation Canada. We have XXXX contracts and are monitored and evaluated on an ongoing basis.

Development of person directed plans, and monitoring achievement of goals(outcomes)

Bi annual review of each client's progress shared with parents in face to face or private telephone conversations. Conversations can be delivered in three languages other than English.

clients are encouraged to apply for job and Board positions so that clients are actively engaged in making decisions at every level of the organization.

For our clients, outcome measures are the most difficult to develop because they have to be adapted and modified to meet their unique needs. We are moving slowly in this direction but lack the infrastructure supports to focus on these initiatives in a timely manner.

we involve participants in the development, implementation and evaluation of programs and services. We also have advisories that keep us informed as to the needs, gaps, quality of programs.

Staff and Board members sit on local community committees to represent the organization

I think the survey has listed them all

36. Do you believe that your organization has achieved a balanced accountability profile where all stakeholders, including clients, receive the right amount of accountability?

Verbatim Responses:

Yes. We are so accountable to our clients that we are often faced with crippling issues of ownership. Clients get very territorial, we find we are having to strip volunteers hours, limit program access because our clients in need are suffering from lack of access due to clients being so comfortable they do not want to move forward.

Mostly - I do think we could more consistently report on certain outcomes to the public. The board of directors has implemented the use of a balanced scorecard and over time, this will facilitate this type of reporting.

We can improve the mechanisms for ensuring accountability to clients.

This is a work in progress for us as our clients are always changing.

We have a fairly good balance; we would like to improve our accountability to the communities we serve; we would like to improve our impact story.

I think we can improve in our accountability to clients

In reality we must meet the demands of funders first or we will not have resources to run ANY programs. Government and other larger funders often change demands resulting in meeting constant demands (at the expense of current priorities) Our focus has been on developing high level processes to manage accountability and intend to develop better community and client consultation processes in the upcoming few years.

Given our external audited annual report, annual general meeting, quarterly newsletters and weekly meetings - we believe that the community and clients know where the monies are being spent and who is getting results from the programs.

We could strengthen our client accountability

Yes

Yes but you can always do better

Yes

Yes

no not really---we spend so much time on reporting to the funders--mostly the same information but it different formats

yes

yes, I believe that we have worked very hard to put metric's in place and work from transparency and inclusiveness. All staff were involved in the development of strategic planning. All staff were involved in the development of program outcomes. Clients complete a Ministry survey about services and a survey we developed ourselves to measure our outcomes. One program is intensely evaluated per year, the outcome and recommendations are shared with staff, board and finders. We have included clients in the development of questionnaires and other program area issues. we included the children in the development of our website i.e getting feedback from children but more importantly finding out what they were thinking before they arrived so we could include these types of questions on the web site (which includes a XXXX XXXX)

Measures to ensure achievement of client outcomes have traditionally been secondary to financial accountability. Current investments are intended to correct this imbalance

No

Hope so-Certainly try hard enough-

We are working to develop program evaluation for all programs and outcomes that can be measured to be reported back to our stakeholders. The lack of resources to make this happen is regrettable.

We are heading in the right direction but would say we are not 100% right now.

XX strive for more client participation (adults) in governance opportunities.

No. Regular dissemination systems are not fully in place for clients and volunteers. Easy to understand information (such as a Board dashboard/scorecard) to measure accountability against the strategic plan are being developed.

No there is more work to be done.

No, these processes and practices take incredible amounts of time within organizations particularly to outreach to clients and to engage them in these kinds of processes when they are often struggling to secure access to the types of intensive services they require.

generally yes. we have to be more consistent with our quality assurance program across all the various programs. As a multi-service we fall under different legislation and have different funder requirements and reporting demands making it difficult to collect, document and report out in a consistent and user friendly way.

No, we could do more to be accountable to the clients. We hold an AGM and occasional (1-2 a year) "town halls" but other than one on one follow through we do not present any form of accountability to the clients.

I believe we have. We communicate our success, stats etc readily/ we update our website regularly and post successes via social media mediums.

we can always improve...clients are very diverse to accountability is always a fluid term and needs to be monitored and improved upon

37. What challenges does your organization face in providing accountability directly to clients?

Verbatim Responses:

Our clients move around a lot, so staying in contact to inform them of centre activities, changes, agm invites/minutes etc is often problematic.

From a staffing perspective, a balance needs to be maintained between attention to service delivery and administrative requirements. Administration is usually not funded directly and as such there are pressures to sustaining these kinds of accountability systems.

Language barriers, the nature of our relationship with clients (primarily through a drop-in program)- we do not have close working relationships with many of our clients.

Keeping abreast of the changing needs of our clients, programs and staff skill sets.

In our emergency shelter program, accountability is most highly developed; the greater challenge is in being accountable to community clients as our relationship is much more varied and we do not have a central location, but rather we provide service by phone and at off-site locations that suit the client; and, of course a major barrier is the resources to develop and implement evaluations or outcomes studies.

Do not have the tools or resources.

It is hard to meet the many legislative requirements including newly passed legislation for a smaller agency. Time is taken away from client involvement (other than meeting direct service targets -outputs)

Some clients only come in once and their issue is resolved. Some clients are in a confused state so communicating accountability is difficult. Due to different cultural backgrounds, the concept of accountability is foreign to them.

Resources and difficulty determine appropriate communication channels

Enough resources to adequately evaluate and provide information

Considerable Mental Health Clients on our programs and its difficult to clearly know whether we have reached our goal of help in many instances. More funding is needed in the community to enable us to enhance the service for these people. Even if the client has a case worker from XXXXXX or XXXXXX they dont see their client enough to engage in quality of service

language and client mobility

Developing good metrics, and the time demands on staff re: data collection/entry

often difficult to engage clients...stigma of addiction is a significant factor

Difficult at times due to underfunding, underpaid staff, no support staff, no benefits or pension- Yet at 180% success meeting prog. funder's objectives.

The variety of format the same information much be provided to different funders.

Resources - time, money, staff expertise.

-the expertise to develop the process -the time to implment the process -the money to fund the process

Barriers (challenges) include multi lingual client base, geographical challenges (distance), cultural norms that prevent newcomers from asking questions or deferring to perceived "authority) Working within those norms is a challenge and a goal. Poverty and limited education is sometimes a barrier to understanding written and spoken words. We try to reduce "jargon", provide interpreters, and though expensive, we have important documents translated.

Priority - making this a priority against many other commitments.

Providing accountability to clients in their preferred language. This is expensive to have the translation done into many languages

Lack of in-house infrastructure supports and expertise and funding to develop the kinds of systems (i.e., data bases) and processes which the Centre requires in order to meet numerous

reporting requirements. Governments and clients want different things. Governments want to make sure that requirements (i.e., procurement) have been addressed so that if something goes wrong, the onus is on the agency particularly with the advent of "value for money" auditing practices. Agencies that are funded should be held accountable for the funds they receive and the services they deliver but there is no consideration given to the time, expertise required to actually meet those requirements. It is just expected. The government is likely more interested in the Centre's Balanced Score Card reporting

too much time spent on funder demands to be able to demonstrate impact to the participants and out community.

Lack of staff, time and financial resources.

Clients are not interested. The services we offer are used and are regularly available. Beyond getting what is needed individual clients are not interested in the challenges faced by the organization or the expenses - they have their own worries.

loosing track of clients once they have left the organization

time constraints, economic pressures demand that we devote our efforts to front line assistance

38. Please provide any additional comments you would like to make on accountability to clients in non-profit social service organizations.

Verbatim Responses:

It is important that clients feel they being consulted but they do not need to know everything. Often, the bureaucracy of running a npo is too much for them to internalize.

Reporting on outcomes other than financial is important and systems that support this need to be appropriately resourced. However we're all being held to upper limits on amounts spent on administration. This is problematic - not only because this impacts our ability to sustain certain accountability processes but also then because some agencies end up reporting admin processes in direct service line items which ultimately skews reporting and affects benchmarking.

We need to recognize that we are a client service industry, not unlike any other, including professional services. We need to understand our client's needs better, so that we can be a better support to them.

Ideally there would be better alignment between government/funder and client accountability measures. Efforts are underway to develop an Evaluative framework within the organization that can do much of this but this requires time and capacity so it is challenging.

If you are spending more than 10% of the administration's time feeding the accountability machine, you are not delivering the needed services to your clients.

This agency provides a XXXXXX Standard when it comes to accountability

ongoing struggle

Accountability involves accessibility. And as mentioned language and cultural differences need to be worked around and with. A bank of affordable translations services would help!

Clients want access to timely services, they don't care about the number of clients being served, the unit cost per client, the numbers of clients on the wait list - they want access to services when they need them and they want to be ensured that they are being assisted by staff with sufficient expertise to guide them through some very challenging times and often at risk behaviours of their children (i.e., suicide, mental health disorders, addictions). Clients may be interested in client satisfaction rates which are posted and the fact that an agency may be accredited by an external body so that they have a sense of the credibility of an organization as they seek and secure services.

Funders are driven by the financial accountability and not much else. The impact would be much greater if service providers could spend more time on the impacts, responding to the needs of the participants rather than constantly looking for funding and reporting.

We would love a copy of the results.

I'd be very interested in seeing the results

39. Please provide any comments you may have on the design and structure of this survey.

Verbatim Responses:

Do not assume that all non-profits receive core funding.

It has been a useful exercise.

The survey was easy to follow and respond to. How the results will be used to change Government or Corporate sponsor accountability rules is unclear.

Our performance measurement processes are in development but there was no place to indicate this

The design and structure are adequate and simple

I dont think it will get us extra funding for the needs of the people

Great.

The rating page asking for which faction was "most important" 1 -5 was unfair. I see them as all equally important. Given the context of the rest of the survey, that section was not useful and I was not entirely happy with my ratings.

Weel done!

This survey was too narrowly constructed. It, for example, failed to provide room for comments regarding outcome measures. In developing outcome measures, if an agency is truly interested in flexing its resources to meet its mandate, agencies must be careful not to create "barriers" to the receipt of services by developing "eligibility criteria" for services that actually end up precluding clients in need from receiving the services they require. These are complex issues which the government thrust towards accountability does not fully understand.

difficult to rate funders in importance of reporting. United Way is just as important as the government funders.

Worked well. Definition of "accountability" may have been there and I missed it but I was not sure if we were talkign about the same thing!

excellent, well thought out

n/a

Appendix C - INFORMED CONSENT AND DISCLOSURE SUMMARY

Study Topic: Accountability to clients in the non-profit, social service sector.

INTRODUCTION/PURPOSE: My name is Steve Wall. I am a Masters student in the Public Policy and Administration program at Ryerson University. I am currently conducting a research study on accountability to clients of Toronto's non-profit, social service organizations. The purpose of the study is to better understand the dynamics around, and mechanisms of, accountability to clients within these organizations. The data you provide will be used in the completion of my Master's Thesis and will become part of library collections. The data obtained from this study may also be disseminated through conference presentations, publication or other similar forums. Over 200 non-profit community service organizations within the City of Toronto will be invited to participate. You are being asked to participate in this research study.

PROCEDURES: As a participant in this survey, you will be asked to provide some demographic information about your organization, identify your perceptions about the importance of accountability to the multiple stakeholders of your organisation and identify mechanisms within your organization which provide accountability to your clients. You will have opportunities to outline your organization's unique perspective on these issues. Your participation in this study is anticipated to last 15 to 20 minutes.

CONFIDENTIALITY: Neither your name, nor your organization's name, will be identified on the completed survey form. Your e-mail address will be used for tracking purposes in the program which distributes the survey. Although it will be possible for me, as the researcher, to identify if an invited participant has responded to the survey, neither your personal e-mail identifier nor your organization's name, will ever appear on your completed survey. **It will not be possible to link the data found in a completed survey to a specific individual or organization.**

Your name, or your organization's name, will never be cited in any document or publication outlining or discussing this research. Although it is theoretically possible that your organization's demographic information could identify your organization, this possibility is unlikely given the scope of the information requested and the number of non-profit organizations that have been invited to participate.

Only the investigator and/or the investigator's research supervisor will have access to the anonymously completed surveys which will be maintained in a reputable, secure, online password protected database. Any e-mail list compiled to distribute this survey and the surveys collected during this study will be maintained no longer than one year from the period of study completion. The data will be destroyed at that time. If at any time during that period hard copy surveys are required by an academic supervisor or review panel, it will be requested that the documents remain at Ryerson University in a secure location until they are no longer required, at which time they will be destroyed.

RISKS AND BENEFITS: Your participation in this study does not involve any significant risks and your participation in this research will not benefit you personally. You will not receive any compensation for your participation in the study. The results of the study, however, may be of benefit to organizations and policy analysts who wish to gain a better understanding of accountability to clients within non-profit social service organizations. Participating organizations may request a copy of the final report of this research study by contacting Steven.Wall@Ryerson.ca. Your choice to participate will have no impact on future relations with Ryerson University.

VOLUNTARY PARTICIPATION: You are informed that your participation in this research study is voluntary. You may skip any question that you do not want to answer. If you decide to take part in the

survey you may withdraw from further participation by simply closing your internet browser. As this survey is submitted anonymously, it will not be possible to remove any data you have provided after it has been submitted.

By completing the attached survey, you are indicating your consent to participate in this study.

Contact Information:

Steve Wall, Masters Student in Public Policy and Administration, at Ryerson University
Email at steven.wall@ryerson.ca.

Supervisor's Contact Information:

John Shields, Co-Director of the Masters Program in Public Policy and Administration, at Ryerson University. E-mail at jshields@politics.ryerson.ca.

You may also contact the Ryerson University Research Ethics Board at

Research Ethics Board, Ryerson University POD470B, 350 Victoria St., Toronto, ON M5B 2K3, or by phone 416-979-5300 ext 7112 or by e-mail at rebchair@ryerson.ca