

# **Corporate Compliance in a Nonprofit Environment**

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# AGENDA

- Compliance
- NonProfit vs Corporate 101
- Corporate Compliance
- How do we Improve our Current Situation
- Unique Challenges NonProfits
  - Adapting Structures & Operating Systems to comply with Regulations
  - Maximizing Organizational Effectiveness
  - Competing Interest for Funding
  - Managing External Audit Requirements
  - Planning for Leadership Continuity
- How do we Improve our Current Situation



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# Compliance

Compliance – conforming to a rule, such as a specification, policy, standard or law. Regulatory compliance describes the goal that corporate or public agencies aspire to in their efforts to ensure that personnel are aware of and take steps to comply with relevant laws and regulations.



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# NonProfit vs. Corporate101

Nonprofit organizations seek to make positive differences in the world and use surplus revenues to achieve its goals rather than distribute them as profit or dividends

Corporate organizations seek to make a profit so that revenues can be redistributed to shareholders



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# Corporate Compliance

What's happening today:

- Increasing Regulations
- Operational Transparency
- Governance Requirements



# Unique Challenges-NonProfits

1. Adopting structures & operating systems to comply with legal regulations
2. Maximizing organizational effectiveness
3. Competing interests for funding
4. Managing external audit requirements
5. Planning for leadership continuity



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# Adopting Structures & Operating Systems to Comply with Regulations

One size doesn't fit all:

- Size
- Location
- Business sophistication
- Industry it serves



# Maximizing Organizational Effectiveness

- Periodic Review of its Charitable Mission
- Policies affecting
  - Conflict of interests
  - Confidentiality
- Provide appropriate board oversight
  - Ethics Committee
  - Financial Accountability and Transparency





# Competing Interests for Funding

- Capacity building barriers
  - Operating funding
  - Program funding
- Preservation & effective stewardship of charitable assets



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# Managing External Audit Requirements

- Policies
- Procedures
- Record Keeping
- Quality Controls



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# Planning for Leadership Continuity

- Succession planning & Leadership Interruption
- Pool of willing candidates to meet current challenges and future opportunities
  - Directors/trustees



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# How do we Improve our Current Situation

- We must change:
  - procedures
  - board participation
- We must ensure :
  - greater use of committees
  - nonprofits are not being used as vehicles for private gain or treated recklessly



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## How do we Improve our Current Situation

- We must look to enhance:
  - self regulation
  - promoting codes of ethics
- The chief executive must:
  - review their governance structures & internal policies
  - understand that there will be more stringent limits on self-dealing transactions



# Good Governance Doesn't Cure Crazy

- Carol Weisman



# QUESTIONS AND DISCUSSION