





Nonprofit good governance mechanisms: A systematic literature review

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Abstract

There is widespread acknowledgment of the importance of nonprofit good governance with a need for guidance on different effective mechanisms to increase ethical practices for the whole sector to assist professionals and researchers. This study explores two research questions: (1) What are the main reasons that inspire nonprofit organizations (NPOs) to implement good governance mechanisms? (2) What are the good governance mechanisms conducted by NPOs? The purpose is to serve as a reference and an instrument of reflection for interested NPOs exploring good governance mechanisms to make their accountability work more effective. We used a systematic literature review methodology for identification, selection, and analysis of published research on nonprofit good governance. A set of 89 articles published until 2021 was analyzed, and a new classification that identified 3 lines and 13 sublines of research was provided. Our results show that a variety of internal mechanisms and international third-party initiatives are underpinned by the need to adhere to standards of ethics and honesty.

KEYWORDS

accountability, governance, nonprofit organizations, self-regulation

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1 | INTRODUCTION

For a long time, research has focused on accountability as one of the most important issues facing nonprofit organizations (NPOs) (Benjamin, 2008; O'Dwyer & Unerman, 2008; Saxton & Guo, 2011). This concept continues to be in the spotlight (Bromley & Orchard, 2016; Dhanani & Connolly, 2015; McDonnell & Rutherford, 2019; Pape et al., 2020). Among the various aspects of accountability, scholars have paid considerable attention to nonprofit governance (Coule, 2015; Ebrahim, 2016; Lee, 2016; Tacon et al., 2017). This study focuses on the good governance of NPOs as a concept closely related to accountability (Dumont, 2013; Ebrahim, 2016; Tacon et al., 2017).

To some extent, the study of nonprofit governance has garnered renewed interest due to several cases of fraud, management manipulation, and highly publicized scandals involving boards and executives (Archambeault & Webber, 2018; Gibelman & Gelman, 2001; LeClair, 2019; Lee, 2016; Lichtsteiner & Lutz, 2012). Although only a minority of NPOs seem to be involved in such scandals, the misconduct of a single NPO may substantially damage the reputation of the whole sector (Hielscher et al., 2017). These cases may make donors worry about the proper use of their donated resources (Szper & Prakash, 2011). These negative situations can also concern partners, beneficiaries, funding or regulatory agencies, and society. A loss of legitimacy among stakeholders can have disastrous repercussions for NPOs (Samkin & Schneider, 2010; Yasmin & Ghafran, 2021) as they receive funds predominantly through public subsidies and private donations (Potluka et al., 2017). As NPOs depend on a culture of trust among stakeholders (Gibelman & Gelman, 2001; Harris et al., 2017), the greatest challenge they currently face is demonstrating that the resources they receive are used with the best quality standards and are fully allocated toward fulfillment of the mission.

These cases have attracted attention from community and public authorities, leading to research in the field of good governance (Lichtsteiner & Lutz, 2012) to prevent fraud, avoid corruption, and reduce managerial opportunism (Harris et al., 2017; López-Arceiz & Bellostas, 2019; Lu et al., 2020). The purpose of this study is to serve as a reference and instrument of reflection for interested NPOs exploring good governance mechanisms to make their accountability work more effective.

Thus, this systematic literature review (SLR) examines and sheds light on available good governance mechanisms. We conducted an SLR of the main nonprofit, ethics, accounting, and public administration journals to identify, select, and analyze published research on nonprofit good governance. After a rigorous review process from Web of Science (WoS) and Scopus, the two most relevant databases, 89 articles up to 2021, were analyzed and synthesized. We then provided a detailed classification of the good governance mechanism found in the literature to provide the NPO with proper accountability to its stakeholders. This classification can be divided into internal and external mechanisms. Internal mechanisms are the practices that an NPO can propose and implement from within the organization at its own discretion. External mechanisms are the practices or initiatives proposed by third entities that the NPO can decide to implement or participate in. Among the main results, avoiding fraud and being accountable to stakeholders are highlighted as the most important reasons for implementing good governance mechanisms.

The remainder of this study is structured as follows. First, we introduce this study. In Section 2, the background literature is presented. Section 3 describes the study methodology. The results are analyzed in Section 4. Finally, in Section 5, conclusions and limitations are presented.

2 | THEORETICAL BACKGROUND

The emergence of the nonprofit sector a few decades ago as an alternative to public institutions (Feiock & Andrew, 2006) has led to a series of changes in the global economic and legal scenario, usually associated with globalization (Connolly et al., 2013; Farazmand, 2012) and the emergence of social problems that need to be solved (Austin, 2000; Misener et al., 2020; Polonsky & Grau, 2008; Santos & Laureano, 2023; Treinta et al., 2020). Due to the extraordinary growth in nonprofit sector research, the pressure by the stakeholders has increased (Hoque & Parker, 2015).

Accountability in the nonprofit sector is crucial (Brandtner, 2021; Tacon et al., 2017) for managing such pressures by improving credibility, showing transparency in their activities, and strengthening trust (Costa & Goulart da Silva, 2019). Accountability has been defined as “the duty to provide an account (not necessarily a financial account) or reckoning of actions for which one is held responsible” (Gray et al., 1996, p. 38). Academics and regulators have intensified the debate on the need to improve this concept to maintain public confidence in the nonprofit sector (Yasmin & Ghafran, 2021). NPOs have a special need to inspire full confidence in their donors and partners, beneficiaries, and society, as maintaining legitimacy is vital to maintaining public trust (Dart, 2004; Leardini et al., 2019; Samkin & Schneider, 2010; Yasmin & Ghafran, 2021). Loss of legitimacy can have disastrous repercussions for NPOs (Samkin & Schneider, 2010; Yasmin & Ghafran, 2021), which include decreased funding, reduced donor support, and distrust from beneficiaries and society.

This situation has been driven since 2004 with the letter from Senators Grassley and Baucus, sent on behalf of Senate Finance to Diana Aviv of Independent Sector, “inviting” her to embark on a national collaboration to establish ethical standards for the industry, or face the consequences of onerous federal legislation. This letter quotes: “We are aware and applaud the many efforts around the country by nonprofit sector organizations to consider how best to encourage good practice and conversely root out the bad actors.” Continuing with the following assessment: “Toward that end we encourage you to convene an independent national panel on the nonprofit sector to consider and recommend actions that will strengthen good governance, ethical conduct and effective practice of public charities and private foundations.” And, ending the document with this statement: “Given the urgency of this situation, we encourage you to move forward expeditiously to convene such a body, and share your recommendations as you develop them, particularly as they relate to legislative actions”, “We ask for a response within 30 days”. In this regard, it is believed that the greatest risk to the nonprofit sector is that of government regulatory intrusion, which threatens the independence of the sector and represents the most powerful and urgent impetus for self-regulation.

To act in a way that responds to social needs is a complex process for NPOs; it requires implementation of governance mechanisms, which forces NPOs to rethink their mechanisms (Becker, 2018; Leardini et al., 2019; Moggi et al., 2022), in some cases fostered by past financial scandals (Archambeault & Webber, 2018; LeClair, 2019; Yasmin & Ghafran, 2021). In this sense, the interest in good governance by these organizations stems from the very nature of their goals, which are focused on areas of social sensitivity. To support good governance, there is a growing need for support systems and disclosure processes, which demand resources, time, and expertise (Hoque & Parker, 2015).

In the absence of country-specific laws on good governance for the nonprofit sector, many NPOs have developed their own mechanisms (internal mechanisms) to improve their governance and transparency, or have adopted existing models (external mechanisms) of good practice that

incorporate a series of recommendations. Self-regulation is unique to the nonprofit sector (Hoque & Parker, 2015). All of this, on a voluntary basis, helps reflect on how to improve ways of doing things and disclosing information about the NPO, thus sending signals of quality and trust (Becker, 2018).

2.1 | What is good governance?

This section clarifies the concept of good governance in the nonprofit context in the existing literature. The term “governance” is closely related to board of directors because it is associated with the exercise of authority, management, operation, and control (Speckbacher, 2008; Stone & Ostrower, 2007). Additionally, it can refer to operational guidelines for the interaction between the board of directors and stakeholders (Gill et al., 2005; Schnurbein, 2009). More recently, governance has been understood as how board members work to construct broader forms of accountability beyond the funder (Tacon et al., 2017), as well as the policies and procedures of the board of directors to achieve the success of an NPO (Harris et al., 2019) or its effective strategy (Boesso et al., 2015). These broad notions of “governance” have been extensively debated in the nonprofit literature.

However, this approach is not unique to the field of governance. Another dominant aspect of the nonprofit literature entails governance as a way to achieve a social mission through a set of conditions that should be fulfilled and practices that should be applied (Willems et al., 2017). It can be emphasized by adding the word “good” or even “best” practices (Wagner, 2014). Good governance is understood as a system of rules and procedures that aim to ensure that the organization operates correctly, with transparency and accountability, regardless of the persons who at any given time perform the function of governance and representation as a central issue in building credibility and legitimacy (Farazmand, 2012; Spanish Association of Counselors, 2018). In addition, it should also be considered, as in several works found in the literature, that authors replace the concept of “good governance” with “sound governance” (Boesso et al., 2015; Farazmand, 2012; Goel, 2021; Jamali et al., 2010; Leardini et al., 2019; Moggi et al., 2022; Rathgeb Smith, 2010). Regardless of the conceptual aspect, the role of the nonprofit sector implies that its governance should be structured in a way that maximizes its contribution to society (Lee, 2021).

Closely related to good governance is the concept of “self-regulation.” NPOs use self-regulation as a means to strengthen governance systems as well as to signal quality (Gugerty et al., 2010; Sidel, 2010), involving the sector’s ability to access, diversify, and attract external funding (AbouAssi, 2015). As Gugerty (2008) notes, self-regulation and accountability initiatives in the nonprofit sector are rising. This shows signals of nonprofit credibility (Gugerty, 2010). Self-regulation is considered a learning exercise for NPOs because it helps shape the nonprofit sector’s values and norms (AbouAssi, 2015).

These definitions suggest that NPOs should adopt governance practices or self-regulation to achieve desirable levels of accountability in the eyes of society. The survival of NPOs depends largely on their ability to demonstrate that decisions, processes, and actions are performed with the highest levels of excellence.

2.2 | The efficacy of good governance mechanisms

The implementation of good governance mechanisms in NPOs helps reflect on how to improve the way of doing things by generating and sending signals of quality and trust to society

(Becker, 2018). This subsection highlights some results of studies from the nonprofit sector that indicate the benefits derived from implementing good governance mechanisms, thus demonstrating their efficacy. This summary of previous research will help further work on the aspects of this economically and socially important sector.

Considering the first internal mechanisms as practices that an NPO can propose and implement from within the organization at its own discretion, the adoption of participatory mechanisms such as information, consultation, and planning activities (Moggi et al., 2022) or how the establishment of policies and internal controls limit opportunities for fraud (Archambeault & Webber, 2018) confirm the importance of good governance. In relation to web-based governance practices, studies conclude that NPOs benefit from their application to obtain resources such as private funding and government benefits (Cooley, 2020). They highlight the belief that these practices are particularly promising because they effectively increase the potential for NPOs to communicate with and strategically engage with their key stakeholders (Saxton & Guo, 2011).

Additionally, there are positive relationships between board diversity and good governance mechanisms. For example, female boards are directly related to higher self-evaluation, greater performance, and higher cultural performance (Buse et al., 2016; Dula et al., 2020), and racial diversity on boards is closely related to NPOs' participation in civic engagement and community development activities (Lee, 2021). Ultimately, board relations and good meeting practices are essential elements of organizational effectiveness across a range of governance functions and responsibilities (Van Puyvelde et al., 2012). Finally, several studies provide a tool for NPOs to identify potential gaps in their governance structures and allow management teams to reflect on whether they adequately represent stakeholders to better serve their mission (Schubert & Willems, 2021; Speckbacher, 2008; Young, 2011). This translates into the need to invest in board development and implement good governance self-assessment mechanisms for board members (Gazley & Nicholson-Crotty, 2018).

In contrast, considering external mechanisms as the practices or initiatives proposed by third parties and that the NPO may decide to implement on its own or participate in, several studies have demonstrated their effectiveness. Authors such as Szper and Prakash (2011) suggest that the efficacy of charity watchdogs is influenced by the disclosure of information related to the salient concerns of targeted users. According to Bromley and Orchard (2016), in the current environment, codes of conduct symbolize an NPO's commitment to accountability and self-regulation, thus signaling its legitimacy. For example, membership in voluntary clubs that develop best-practice certification mechanisms provides a signal of quality to participating NPOs (Gugerty, 2010). Finally, it is worth noting that although NPOs are not required to comply with certain external good governance mechanisms, they can resort to them (e.g., SOX Act requirements to improve their governance structures) by imposing requirements for internal control, whistleblower maintenance, and the presence of an independent audit committee (Archambeault & Webber, 2018).

2.3 | Special reference to Independent Sector

The subsection will be of high relevance to professionals who this research seeks to serve, which would include the boards and chief executives of NPOs and community leaders in general. This subsection outlines the process followed by the Independent Sector, which has a long history of supporting self-regulation within the nonprofit sector (Ito & Slatten, 2020). The

Independent Sector aims to reinforce a common understanding of transparency, accountability, and good governance in the nonprofit sector to ensure ethical and trustworthy behavior, and to highlight sound practices that contribute to the effectiveness, durability, and broad popular support for NPOs of all kinds (Independent Sector, 2015). One example is the organization's development of the 33 Principles for Good Governance and Ethical Practice for NPOs (see Annex) (Independent Sector, 2015). To contextualize our study, we detail the implementation process of this self-regulatory tool.

2.3.1 | The process of principles for good governance and ethical practices

All organizations are vulnerable to the threat of fraud; even NPOs, whose mission is to do good, are at risk of financial impropriety (Harris et al., 2017). In the early 2000s, the need for greater transparency and oversight of NPOs was spurred by financial scandals in some well-known NPOs and in the private sector (Ito & Slatten, 2020). As a result, in 2004, in response to calls for U.S. government oversight of NPOs and private sector organizations, the Independent Sector convened an independent panel to develop and recommend actions that each NPO should consider to strengthen good governance, ethical conduct, and effective practice. In 2005, the Panel published its report "Strengthening the Transparency, Governance, and Accountability of Charitable Organizations" (Independent Sector, 2005). A companion report with more than 100 recommendations for improving government oversight was published in 2006.

In 2007, the Panel published the Principles for Good Governance and Ethical Practice (Independent Sector, 2007), which reflected the commitment of the Panel to developing effective and widely applicable methods of self-regulation. These principles were a guide for charities and foundations, which included a set of principles that could be adopted or adapted, promoted throughout the sector, and improved over time. In developing the 2007 principles, the panel conducted extensive research to complete and improve them, ensuring their correct applicability to every NPO.

Finally, in 2015, the principles were updated to reflect the new circumstances in which the nonprofit sector operates and the new relationships within and between sectors.

2.3.2 | The importance of implementation of principles

The 33 principles developed by the Independent Sector can be considered a guide to strengthen the effectiveness and accountability of an NPO. The nonprofit community has a broad and diverse mission. As such, the Independent Sector emphasizes that most of these principles reflect standards that are recommended to all NPOs as a benchmark for adopting specific practices that best suit their particular size and charitable purpose (Ito & Slatten, 2018). Thus, NPOs can use these principles to evaluate their current practice. The 33 principles that follow are organized into four main categories (for more detail, see Appendix 1): Legal Compliance and Public Disclosure (principles 1–7), Effective Governance (principles 8–20), Strong Financial Oversight (principles 21–26), and Responsible Fundraising (principles 27–33) (Independent Sector, 2015). Today, the Independent Sector is one of the leading organizations that brings together a diverse community of NPO leaders, foundations, corporations, and government entities to regularly discuss issues important to the nonprofit sector (Ito & Slatten, 2020).

2.3.3 | The enforcement of principles

Strengthening ethics and accountability in the nonprofit sector requires an ongoing commitment on the part of the boards and staff of each organization and the entire nonprofit community. Over time, continued debate within NPOs and throughout the community may lead to refinement of the principles proposed by the Independent Sector. For NPOs whose current practices do not meet the standards recommended by the 33 Principles, and for existing self-regulatory systems that do not meet them, reaching those standards may take time. However, striving to achieve these standards will strengthen NPOs and their ability to serve their communities (Independent Sector, 2015). These 33 Principles of Good Governance and Ethical Practice are essential components because for self-regulation to be effective, it must move from mere aspiration to practical application and enforceability.

3 | METHODOLOGY

The SLR method was used in this study. This method intends to synthesize the content of a group of articles in a specific field of study that provides scientific knowledge (Denyer & Tranfield, 2009; Kraus et al., 2020). A major advantage of this method is that it leads to a structured sequence of steps that can be verified and replicated (Denyer & Tranfield, 2009; Tranfield et al., 2003). In addition, previous studies in the nonprofit sector have employed this methodology (See for example Bach-Mortensen & Montgomery, 2018; Gazley, 2021; Gazley & Guo, 2020).

The objective of an SLR is to demonstrate the reasons, theories, scope, methodology, results, and main conclusions that support a research. Similarly, the SLR includes a complete article reading used to answer the research questions (RQs) in Section 4.2. All or part of the content of the articles included in the final sample matched our focus and were expected to answer the RQs. To identify the literature, this study followed a specific protocol based on five steps (Denyer & Tranfield, 2009): (1) formulation of the research questions, (2) identification of the studies, (3) selection and evaluation of relevant studies, (4) analysis and synthesis, and (5) presentation of the results. Preliminary searches were performed to determine whether no previous literature review had addressed this question. Next, each phase was described in greater detail.

3.1 | Phase 1. Formulation of the research questions

The following RQs were determined for this review:

RQ1. What are the main reasons that inspire NPOs to implement good governance mechanisms?

RQ2. What are the good governance mechanisms conducted by NPOs?

3.2 | Phase 2. Identification of the studies

The second phase consisted of identifying relevant studies according to the aforementioned RQs. This step is essential because if the selected literature is inadequate, inappropriate, or

TABLE 1 Search terms and search strings.

Search terms	<ul style="list-style-type: none"> • <i>Sector-related search terms</i>: Nonprofit, Non Profit, Non-Profit, NPO, Third Sector, Third-Sector, NGO, Non-Governmental Organization, Non Governmental Organization, TSO, Nongovernmental Organization • <i>Self-Regulation</i> • <i>Governance</i> 	
Database	Web of science search string	TS = ((“Nonprofit” OR “Non Profit” OR “Non-Profit” OR “NPO*” OR “Third Sector” OR “Third-Sector” OR “NGO” OR “Non-Governmental Organization” OR “Non Governmental Organization” OR “TSO” OR “Nongovernmental Organization”) AND (“Self-Regulation” OR “Governance”))
	Scopus search string	TITLE-ABS-KEY ((self-regulation OR governance)) AND TITLE-ABS-KEY (({Nonprofit} OR {Non Profit} OR {Non-Profit} OR {NPO*} OR {Third Sector} OR {Third-Sector} OR {NGO} OR {Non-Governmental Organization} OR {Non Governmental Organization} OR {TSO} OR {Nongovernmental Organization}))

Source: Authors.

irrelevant, the contribution of the following phases will be lacking (Sangwa & Sangwan, 2018). Two key aspects must be established in advance in this phase: (a) the choice of search databases and (b) the choice of search terms (Denyer & Tranfield, 2009; Tranfield et al., 2003).

Scopus and WoS were used to conduct literature analysis. These are the largest databases used to search for literature in different scientific fields (Guz & Rushchitsky, 2009; Joshi, 2016). Keyword selection was based on the terminology for designating an NPO, governance, and self-regulation, which was previously identified in brainstorming among the authors. The search string was adapted according to the characteristics of each database (Table 1).

In total, 6850 papers were identified in this second phase: 3132 in WoS and 3718 in Scopus.

3.3 | Phase 3. Selection and evaluation of relevant studies

The purpose of the third phase is to establish papers that will be analyzed in the literature review. We established criteria for the inclusion and exclusion of papers (Denyer & Tranfield, 2009).

In this stage, the search was limited to papers written in English published until 2021, whose titles, abstracts, or keywords (TAK) met the search criteria (search performed in May 2022). Thus, 6467 publications were selected (2944 in WoS and 3523 in Scopus).

At this point, the search was limited to “articles” as the type of document. Only articles published in nonprofit, tertiary, and voluntary sectors, ethics, accounting, and public administration journals were accepted. Limiting the journals that specifically focus on the object of study is an exclusion criterion that has been previously applied in economics literature (Dechow et al., 2010; Licerán-Gutiérrez & Cano-Rodríguez, 2019) and specifically in the nonprofit field (see, for example, Cornforth, 2012; Garkisch et al., 2017; Maier et al., 2016). In addition, articles must be published in journals with impact indices using the Journal of Citation Report (JCR 2020 version). The selection of papers indexed in JCR journals ensures the quality of the selected works. A total of 870 publications were selected.

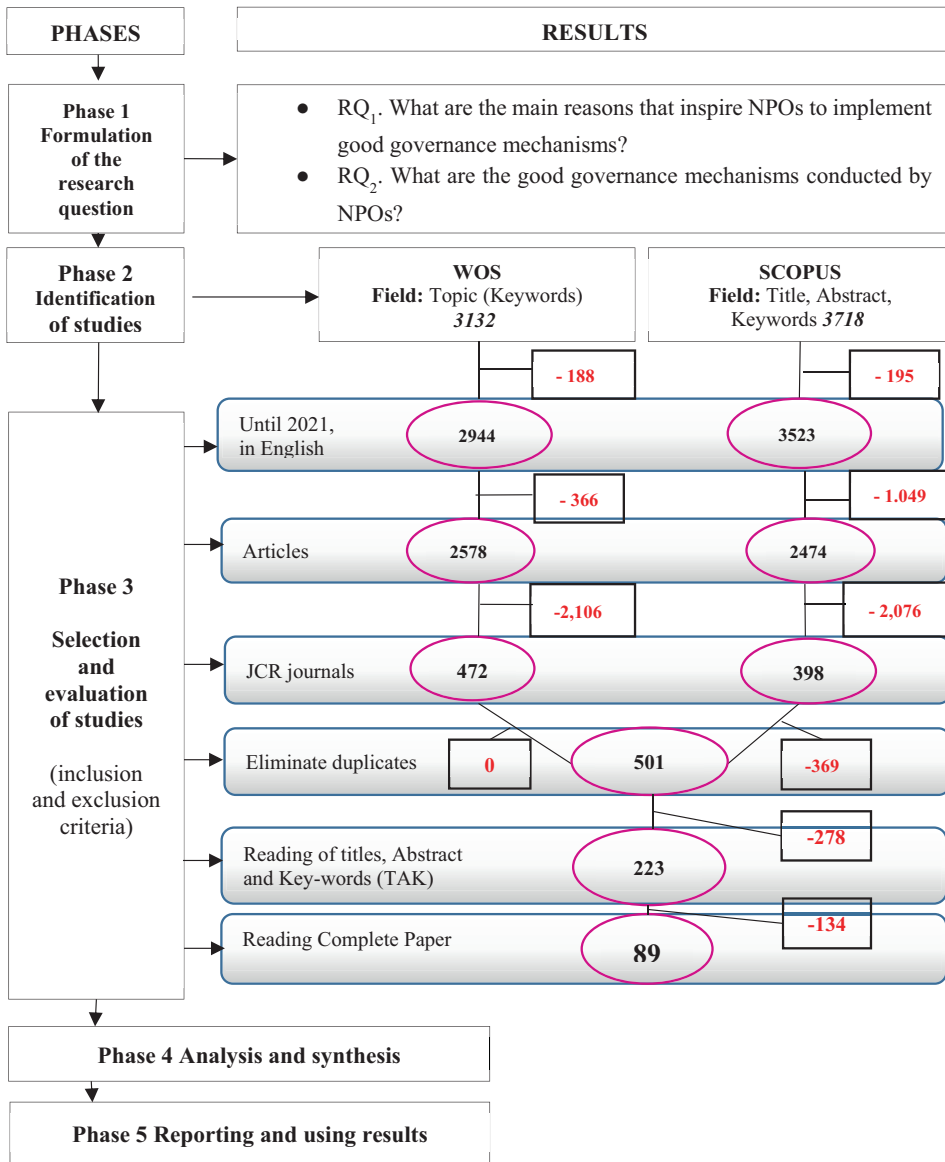


FIGURE 1 Summary of the systematic literature review (PRISMA).

The duplicate items found in both databases (WoS and Scopus) were subsequently eliminated, resulting in a set of 501 works. WoS was chosen as a reference to eliminate duplicate articles because it had a greater number of studies. Therefore, articles identified in Scopus that had already been identified in the WoS were removed (369 exclusions).

The articles were then evaluated. This enabled us to exclude papers whose content was unrelated to the aim of our study. First, TAK were read to identify relevant papers according to previously detailed RQs. This process resulted in 223 papers viable for an in-depth analysis to further verify eligibility and examine the theoretical framework, main results, and conclusions.

3.4 | Phase 4. Analysis and synthesis of the results

In Phase 4, each of the selected articles was analyzed by a complete reading. This resulted in a total of 89 articles. All or part of the content of these articles matched our focus and was expected to answer the research questions. Thus, 89 articles were included in the final sample. A database was designed in a spreadsheet containing the main purpose and findings of each selected article. Complementary data, such as the year of publication, title, author, journal, keywords, and abstract, were identified. The main research lines and sublines were also identified.

Figure 1 presents an overview of the detailed process conducted in the previous phases and shows how the papers were selected based on the inclusion and exclusion criteria.

3.5 | Phase 5. Presentation of the results

The last phase of the SLR consists of reporting the results.

4 | RESULTS

First, Subsection 4.1. presents a description of the final sample related to the “temporal distribution of the sample” and “journals.” Subsection 4.2. answers the RQs by dividing the final sample into research lines and sublines.

4.1 | Descriptive analysis

4.1.1 | Journals

Table 2 lists the number of papers published in each journal until 2021. Most of the selected articles (79.78%) were published in journals specialized in the nonprofit sector as “*Nonprofit and Voluntary Sector Quarterly*” (31.46%), followed by “*Nonprofit Management & Leadership*” (26.97%), “*VOLUNTAS*” (20.22%), and “*Nonprofit Policy Forum*” (1.12%). The remaining papers (20.22%) were published in top accounting, ethics, and public administration journals.

4.1.2 | Temporal distribution of the sample

Figure 2 shows the number of articles published annually until 2021. Two conclusions were drawn. First, during the first years (from 1994 to 2009), stability predominated in the trend of publications; however, from 2010, a growing trend prevailed, peaking in 2012, and presenting a strong relapse in 2013. Second, more than half of the articles that constituted our final sample (45 of 89) were included in 2010, 2012, 2016, 2017, 2018, and 2020. Despite this, the number of publications is increasing throughout the study period.

TABLE 2 Number of articles per journal.

Journals	Number of articles per journal (No.)	Percentage of articles per journal (%)
Nonprofit and Voluntary Sector Quarterly	28	31.46%
Nonprofit Management & Leadership	24	26.97%
VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations	18	20.22%
Journal of Business Ethics	6	6.74%
Accounting, Auditing and Accountability Journal	3	3.37%
Public Administration Review	3	3.37%
Accounting Horizons	2	2.25%
Accounting Forum	1	1.12%
Contemporary Accounting Research	1	1.12%
The Accounting Review	1	1.12%
Nonprofit Policy Forum	1	1.12%
Public Administration and Development	1	1.12%
Total	89	100%

Source: Authors.

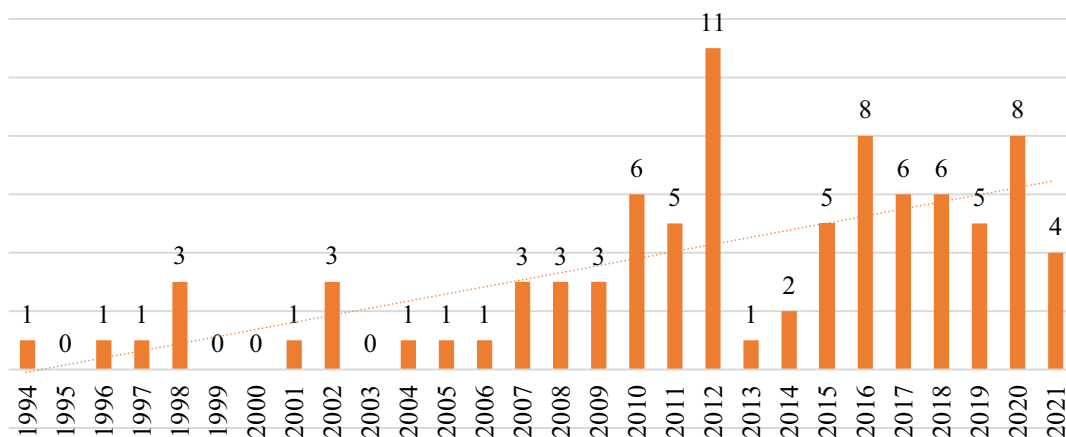


FIGURE 2 Sample selection period. Source: Authors.

4.2 | Research lines and sublines

To answer both RQs, the results were obtained as follows: as shown in the PRISMA (Figure 1), the content of the titles, abstracts, and keywords (TAK) of each article were first analyzed. Those that fit the objective of our study were read in full by the authors. This reading led to an analysis and classification of the theoretical positions and empirical or theoretical sections of each article. Subsequently, this classification was pooled, and research lines were proposed through brainstorming by the authors.

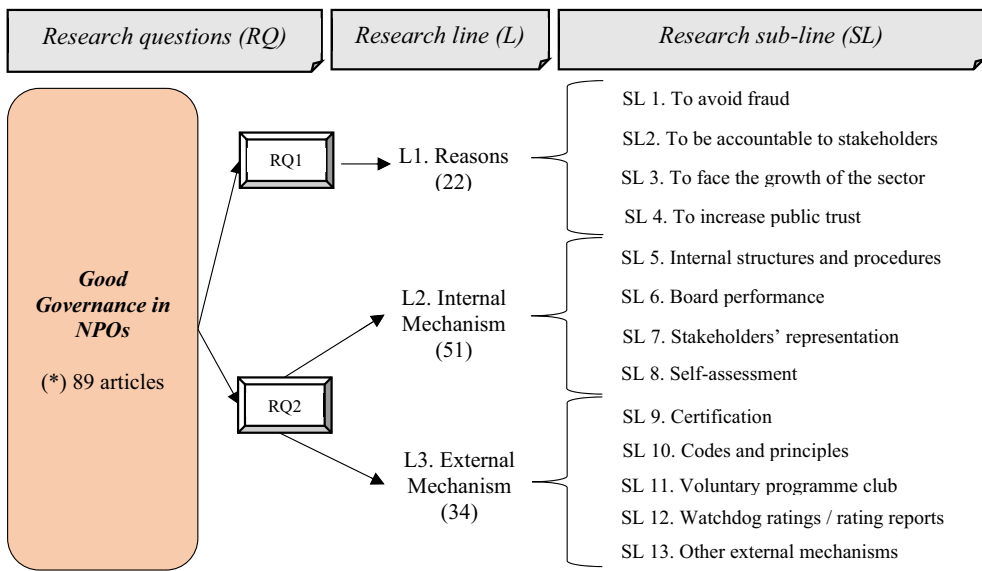


FIGURE 3 Research lines and sublines. *Source:* Authors.

Next, the 89 articles resulting from the SLR were classified and analyzed into three research lines (L) and their respective sublines (SL) (see Figure 3). It should be noted (*) that the same article can be included in more than one research line or subline.

4.2.1 | Main reasons for the implementation of good governance mechanisms in NPOs

In response to RQ1, four reasons (L1) can be stated (see Table 3). First, to avoid fraud (SL1), nonprofit governance is a key tool for reducing the likelihood of corruption cases and is negatively associated with their occurrence (de Andrés-Alonso et al., 2006; Harris et al., 2017; López-Arceiz & Bellostas, 2019; Neely, 2011). By employing governance policies, procedures, and internal controls (Archambeault & Webber, 2018; Nezhina & Brudney, 2012), or designing tactical and strategic governance and management practices (Willems, 2016), NPOs can reduce the risk of fraud and its potential impact, and effectively anticipate, buffer, and absorb threats.

Second, the growing pressure to be accountable to stakeholders (SL2) (Gugerty, 2008; Gugerty et al., 2010; Morrison & Salipante, 2007; O'Dwyer & Boomsma, 2015; Rodríguez et al., 2012; Young et al., 1996) enhances credibility and effectiveness (Weidenbaum, 2009) and presents their activities in a positive light (Dhanani & Connolly, 2012). In addition, involving a variety of stakeholders in governance (Tacon et al., 2017; Xu & Liu, 2016) has important implications for producing particular forms and processes of accountability (Coule, 2015). In this sense, donor decisions are influenced by the quality of governance (Harris et al., 2015).

Third, Lee (2016) notes that several factors have contributed to the growing pressure to adopt good governance mechanisms, particularly to address the growth of the sector (SL3). This growth represents the consequent greater visibility, given the large number of services provided by NPOs worldwide (Dhanani & Connolly, 2012; Gugerty et al., 2010), as well as the expansion in the number and role of NPOs (AbouAssi, 2015).

TABLE 3 Research line 1.

Research line	Research subline	References
L 1: Reasons	SL 1. To avoid fraud	Archambeault and Webber (2018); Bromley and Orchard (2016); de Andrés-Alonso et al. (2006); Harris et al. (2017); López-Arceiz and Bellostas (2019); Neely (2011); Nezhina and Brudney (2012); Rodríguez et al. (2012); Willems (2016) and Xu and Liu (2016)
	SL 2. To be accountable to stakeholders	Coule (2015); Dhanani and Connolly (2012); Gugerty (2008); Gugerty et al. (2010); Harris et al. (2015); Morrison and Salipante (2007); O'Dwyer and Boomsma (2015); Rodríguez et al. (2012); Tacon et al. (2017); Weidenbaum (2009); Xu and Liu (2016)
	SL 3. To address the growth of the sector	AbouAssi (2015); Dhanani and Connolly (2012); Gugerty et al. (2010); Lee (2016); Sidel (2010) and Xu and Liu (2016).
	SL 4. To increase public trust	Bies (2010); Bromley and Orchard (2016) and Sidel (2010)

Source: Authors.

Finally, increasing public trust (SL4) (Bromley & Orchard, 2016) is a means of accessing funding and resources by NPOs (Sidel, 2010). It is also considered a key issue in the relationship between NPOs, their donors, and the state (Bies, 2010).

4.2.2 | Good governance mechanisms applied by NPOs

Good governance promotes the establishment of internal (L2) and external mechanisms (L3) (Ebrahim, 2003; Gazley & Nicholson-Crotty, 2018; O'Dwyer & Boomsma, 2015; Williams & Taylor, 2013). In this study, internal mechanisms are understood as practices that an NPO can propose and implement from within the organization at its own discretion. External mechanisms are the practices or initiatives proposed by third entities that the NPO can decide to implement or participate in. To answer RQ2, we divide the next subsection into internal and external mechanisms.

Internal mechanisms

More than half of the articles in the final sample (57.30%; 51/89) were represented in this research line (L2) (see Table 4). Research subline 5 included 20.22% (18/89) of articles. It referred to “Internal structures and procedures” (SL5), through which an NPO formalizes and documents its own rules, its way of working, and how it conducts its decision-making and responsibilities.

Existing studies (27.78%; 5 of 18) tend to focus on how NPOs could benefit from implementing “formal policies” to avoid fraud and prevent future misconduct (Archambeault & Webber, 2018; Bromley & Orchard, 2016) as well as to allow them to gain and maintain stakeholders' trust, support, and contribution (Dhanani & Connolly, 2012; Lee, 2016). In this sense, written standards and networks may help promote governance practices (Yoon, 2021).

NPOs rely on their “governance structures” to pursue crucial missions (Tran, 2020) and control decision-making by constituents (Guo, 2007), as addressed in 38.88% of the articles (7/18). Research shows that NPOs should voluntarily enhance or reform their governance structure

TABLE 4 Internal mechanisms (L2).

Research line	Research subline	Topics	References
L 2: Internal mechanisms	SL 5. Internal structures and procedures	Formal policies	Archambeault and Webber (2018); Bromley and Orchard (2016); Dhanani and Connolly (2012); Lee (2016) and Yoon (2021).
		Governance structures	Alexander and Weiner (1998); Cornforth (2012); Guo (2007); Schnurbein (2009); Tran (2020); Weidenbaum (2009) and Young et al. (1996).
		Internal systems	LeRoux and Wright (2010); McDonnell and Rutherford (2019) and Othman and Ali (2014)
		Web-based practices	Cooley (2020); Rodríguez et al., (2012) and Saxton and Guo (2011)
	SL 6. Board performance	Board diversity	Brown (2002); Buse et al. (2016); Dula et al. (2020); Fredette et al. (2016); Fredette and Bernstein (2019), Gibelman and Gelman (2001); Lee (2021) and Shaiko (1997)
	Board relationships	An (2021); Bernstein et al. (2016); Bradshaw (2002); McMullin and Raggio (2020); Rehli and Jäger (2011); Reid and Turbide (2012); Saidel (1998); Van Puyvelde et al. (2018) and Willems et al. (2017)	
	SL 7. Stakeholders' representation	Ben-Ner and Van Hoomissen (1994); de Andrés-Alonso et al. (2006); Leardini et al. (2017); Leroux (2009); Rehli and Jäger (2011); Schubert and Willems (2020, 2021); Speckbacher (2008) and Young (2011)	
	SL 8. Self-assessment	Gazley and Nicholson-Crotty (2018); Gill et al. (2005); Grunewald and Baron (2004); Harrison and Murray (2015); Holland and Jackson (1998); Lichtsteiner and Lutz (2012) and Nicholson et al. (2012)	

(Tran, 2020; Weidenbaum, 2009) or adopt business practices (Alexander & Weiner, 1998) with different patterns (Schnurbein, 2009; Young et al., 1996), although many organizations ignore complex governance structures (Cornforth, 2012).

A total of 16.67% (3/18) of the articles focused on “internal systems.” For instance, the adoption of a performance measurement system (PMS) improves the level of effectiveness of strategic decision-making (LeRoux & Wright, 2010). An internal control system (ICS) that can promote accountability and transparency and thus attract more donors (Othman & Ali, 2014), or a mechanism for NPOs to report serious incidents (McDonnell & Rutherford, 2019).

Finally, 16.67% of the articles contained “Web-based practices.” The Internet is considered a strategic communication tool (Rodríguez et al., 2012), as well as a mechanism that helps create a framework for more accountable, inclusive, and transparent organizational practices (Cooley, 2020; Saxton & Guo, 2011).

Subline 6 refers to “Board performance” (SL6) as the interpersonal dynamics between leaders and the rest of the people in an NPO, with 19.10% (17/89) divided into two topics: “board diversity” and “board relationships.”

The 47.06% of articles on “board diversity” (8/17) focus on the influence of age, gender, and racial or ethnic diversity on nonprofit board practices (Buse et al., 2016; Fredette et al., 2016; Fredette & Bernstein, 2019; Lee, 2021; Shaiko, 1997). These studies examine how a strategy to balance a board's diversity may benefit from formally embedding its inclusion in work plans and practices (Brown, 2002; Dula et al., 2020; Fredette et al., 2016), and the development of the board through periodic rotation and hiring of external members (Gibelman & Gelman, 2001).

The remaining 52.94% of the articles (9/17) framed within nonprofit “board relationships” are presented below. The research explores different relationships between nonprofit boards and chair leadership, meeting practices and group dynamics (Van Puyvelde et al., 2018), board turnover and financial performance (An, 2021), chief executive officers (Buse et al., 2016), executive directors (Jäger & Rehli, 2012), advisory boards (Saidel, 1998), and staff (Bradshaw, 2002; Reid & Turbide, 2012). In addition, a theoretical framework to understand relationships among individuals involved in the governance processes of NPOs (Willems et al., 2017), as well as a model to illustrate the balance relationship between leadership and management for boards when NPOs face different crisis stages (McMullin & Raggo, 2020), is developed in this research subline.

Research subline 7 (10.11%; 9 of 89), “Stakeholder's representation” (SL7), contains aspects related to how different external groups of interest are involved in an NPO's decision processes and represent its interest.

A new aspect of stakeholder analysis should allow NPOs to appropriately represent them by complementing traditional nonprofit practices (Schubert & Willems, 2020, 2021), such as by proposing the designation of board members to ensure a power balance (Ben-Ner & Van Hoomissen, 1994; Leardini et al., 2017; Rehli & Jäger, 2011), by creating forums to contribute to organizational governance (Leroux, 2009) or by institutional donor representation on governing boards (de Andrés-Alonso et al., 2006). A system of stakeholder governance must find the right balance and selection of stakeholder representation to best serve its mission (Speckbacher, 2008; Young, 2011).

The final classification of articles on internal mechanisms is described in subline 8 (7.86%; 7 of 89).

“Self-assessment” (SL8) (also called “self-evaluation”) can be defined as a continued improvement tool to help organizations consider what governance practices should be changed. This can be considered a sign that nonprofit professionalism is based on standards derived from the experience acquired by the private sector (Lichtsteiner & Lutz, 2012). As a result, it has become an important educational, preventive, and self-evaluation tool for delivering better governance and demonstrating that NPOs are discharging their responsibilities effectively (Gazley & Nicholson-Crotty, 2018; Grunewald & Baron, 2004; Nicholson et al., 2012).

In this review, we highlight self-assessment mechanisms, the “Online Board Performance Self-Assessment Application” (Harrison & Murray, 2015), the “Governance Self-Assessment Checklist” (Gill et al., 2005), and the “Board Self-Assessment Questionnaire” (Holland & Jackson, 1998), designed to identify strengths and weaknesses in NPO.

External mechanisms

Table 5 presents 38.20% (34 of 89) of the articles included in research line 3 (L3).

“Certification programs” (SL9) verifies the degree of compliance of NPOs with a set of principles, norms, and procedures (Burger, 2012; Sidel, 2010), demonstrating commitment to operating at the highest levels of transparency, accountability (Phillips, 2012, 2013; Tremblay-Boire & Prakash, 2017), and responsible practices (Burger, 2012; Gugerty, 2010). Hence, the better the results, the stronger the NPO's image of trustworthiness (Rosés et al., 2014).

TABLE 5 Research line 3.

Research line	Research subline	References
L 3: External mechanism	SL 9. Certification programs	Bies (2010); Gugerty et al. (2010); Sidel (2010); Burger (2012); Phillips (2012, 2013) & Tremblay-Boire and Prakash (2017).
	SL 10. Codes and principles	Fuertes-Fuertes and Maset-Llaudes (2007); Bies (2010); Sidel (2010); Gugerty et al. (2010); Gugerty and Prakash (2010); Rodríguez et al. (2012); Sargeant et al. (2012); Jäger and Rehli (2012); Lichtsteiner and Lutz (2012); Bromley and Orchard (2016); Harris et al. (2017); Cabedo et al. (2018) and López-Arceiz and Bellostas (2019).
	SL 11. Voluntary program or club	Gugerty (2008, 2010), Tremblay-Boire et al. (2016) and Tremblay-Boire and Prakash (2017).
	SL 12. Watchdog ratings/rating reports	Bies (2010); Szper and Prakash (2011); Tremblay-Boire and Prakash (2017); Beisland et al. (2019) and; Saxton and Neely (2019).
	SL 13. Other external mechanisms	Cornforth and Simpson (2002); Nezhina and Brudney (2010, 2012); Buse et al. (2016); Fitzgerald et al. (2018); Gazley and Nicholson-Crotty (2018); Harris et al. (2019); Iyer and Watkins (2008) and Lu et al. (2020).

Source: Authors.

The adoption of “codes” (SL10) is a common mechanism for NPOs (Cabedo et al., 2018; Fuertes-Fuertes & Maset-Llaudes, 2007; Gugerty, 2008; Hielscher et al., 2017; Jäger & Rehli, 2012; Lichtsteiner & Lutz, 2012) to improve their accountability (Gugerty & Prakash, 2010). A code establishes core values to guide the conduct of NPOs (Gugerty, 2010) and address growing concerns about donations (Bies, 2010). The content of a code can be composed of “principles of good practice” (Bromley & Orchard, 2016; Harris et al., 2017; Sidel, 2010), based on a “set of indicators” to help NPOs enhance their own credibility (Cabedo et al., 2018; López-Arceiz & Bellostas, 2019; Rodríguez et al., 2012). “Professional practices” to promote professionalism (Sidel, 2010), and “fundraising practices” to detail complaints received about the resources obtained (Sargeant et al., 2012) were observed.

Belonging to a “voluntary program or club” (SL11) can generate a signal of trust by adopting rules and standards for accountability, transparency, good governance and seek to enhance NPOs’ reputation by its voluntary membership (Gugerty, 2008, 2010; Tremblay-Boire et al., 2016; Tremblay-Boire & Prakash, 2017).

Nonprofit donors face difficulties in accessing and interpreting information on how NPOs employ resources. “Watchdog ratings” (SL12) make this information on fund use available to donors (Szper & Prakash, 2011), fostering accountability by increasing the public scrutiny of NPOs and allowing donors to differentiate bad from good NPOs (Bies, 2010; Saxton & Neely, 2019; Szper & Prakash, 2011). “Rating reports” or “rating systems” include information on governance, management, financial performance, and operations (Beisland et al., 2019) and help donors in decision-making (Saxton & Neely, 2019; Szper & Prakash, 2011; Tremblay-Boire & Prakash, 2017).

The last classification “other external mechanisms” (SL13) includes isolated governance mechanisms found in the literature whose content does not fit into the previous categories or research sublines. We refer for example to the adoption of “laws,” even if they are not

mandatory for NPOs, such as the Sarbanes-Oxley Act (Iyer & Watkins, 2008; Nezhina & Brudney, 2010, 2012), the “survey index” to gather transparent information on board composition, policies, practices, performance or resource allocation (Buse et al., 2016; Gazley & Nicholson-Crotty, 2018; Lu et al., 2020), and collaborative arrangements between governments and NPOs (Gugerty, 2008) can be incorporated into this classification. Finally, “independent auditors,” “specialist auditors,” or “external consultants” serve as complements in the overall governance system (Cornforth & Simpson, 2002; Fitzgerald et al., 2018; Harris et al., 2019).

5 | CONCLUSIONS

This is a study of the nonprofit sector in need of effort and research for best practices. For this reason, this study has extracted the numerous mechanisms of good governance and practices available in the international literature. As a novelty, it has classified these mechanisms as internal and external.

According to our findings, the most found mechanisms thus far are the so-called internal mechanisms (L2), mainly those based on internal structures and procedures (SL5) within the organization. These mechanisms have been extensively discussed in the analyzed articles and have therefore attracted the interest of the scientific community. Undoubtedly, internal structures and procedures that promote transparency, accountability, and the existence of good written practices are important strategies for improving good governance and are expected to enhance social credibility. These internal mechanisms act as a set of formalized techniques and tools, which aim to serve as a basis for NPO managers and support decision-making.

In contrast, it is surprising how something as current as the use of the Internet and web-based practices (and even social networks) has received scant attention in the analyzed literature. Currently, most information about an organization is requested through the Internet. We believe that this web-based mechanism holds promise for future research programs, as the advancement of Internet-based technologies makes it feasible and affordable. It is important that the mission or social cause, as well as the activities developed, be clearly presented from the first moment someone contacts the NPO through its website. It is worth mentioning the organizational benefit for an NPO to have a website or information portal where it can express different opinions, explain its projects and objectives, make itself known, and thus centralize and disclose relevant information for its stakeholders and its engagement.

In relation to “external mechanisms” (L3), the voluntary application of codes of conduct and principles (SL10) developed by third parties is the most frequent in this review (Gugerty, 2010). This fact could be associated with how the nonprofit sector has not ignored the demands and concerns of social agents, who focus on demanding that the provision of services of general and social interest by the organization are in line with ethical codes, codes of conduct, or principles. However, there are few studies on voluntary club membership (SL11). Undoubtedly it would be interesting to analyze what types of clubs exist, which ones bring together the most NPOs, and whether the benefits of membership outweigh the costs of membership or participation. Notable authors such as Gugerty and Prakash (2010), Prakash and Gugerty (2010), and Tremblay-Boire and Prakash (2017) point out that participation is costly but has incentives that attract them such as a positive reputation or signal of quality that participation provides in exchange for monitoring and sanctions that ensure that participants adhere to the club's rules.

For researchers, our contribution confirms the statement of Yasmin and Ghafran (2021), as the literature offers little insight into how NPOs' accountability can be operationalized,

especially given the diversity of the sector. Chen (2012) points out how the activities of maintaining and enhancing society consume NPOs that promote social change. In short, we highlight the scarcity of studies on the use of the Internet and voluntary participation in clubs as research gaps with regard to internal and external mechanisms, respectively. Considering these significant research gaps, the SLR examines and sheds light on the good governance mechanisms available in the literature. Mechanisms that serve to inspire and maintain trust may well serve as support for managers of these organizations to increase ethical practices for the entire sector. After analyzing the selected papers, we provided a classification that may serve as a starting point or support for future research. Thus, we contribute to the existing literature by providing detailed guidance on different effective mechanisms to increase ethical practices in the whole sector.

For practitioners, this SLR details mechanisms as guidance for the management of NPOs, which serves as a reference for self-evaluation on a voluntary basis. It is a list of mechanisms that can be adapted to all types of organizations. Following this line, we find other initiatives at the international level that are relevant and of practical use to professionals working in the trenches of NPOs and who are in charge of implementing and enforcing self-regulation. Individuals and initiatives are required to improve ethics and accountability in the not-for-profit sector. In summary, we noted the commitment of the international community and the 17 Sustainable Development Goals (SDGs) promulgated by the United Nations (Transforming Our World: The 2030 Agenda for Sustainable Development, 2015). Among them, we highlight goal 16 and specifically, target “16.6 Develop effective, accountable, and transparent institutions at all levels.” Another noteworthy example is one of the world’s most important associations between NGOs. The World Association of Non-Governmental Organizations (WANGO), charged with providing mechanisms to solve the basic problems of humanity, published the “Code of Ethics and Conduct for NGOs” on March 5, 2005 (WANGO, 2005). We also highlight the work developed by Accountable Now with the drafting of the “10 accountability commitments” (Accountable Now, 2014) on accountability that includes principles of transparency, participation, and accountability (Hielscher et al., 2017). In conclusion, this study may help practitioners and, ultimately, people concerned with practical problems in NPO environments. Thus, our research aims to be “Usable Knowledge” in the nonprofit sector, making accountability a tool for solving social problems (Lindblom & Cohen, 1979).

Finally, we highlight the efforts of the Independent Sector and its 33 Principles of Good Governance and Ethical Practice as guides to reinforce the accountability of an NPO. With this tool, NPOs can assess their current practices. Ultimately, incorporating the principles developed in the Independent Sector will move self-regulation from being a mere theoretical aspiration to becoming an essential element in NPOs. The implementation of these principles will lead to substantial improvement in the procedures followed by professionals of different NPOs.

Future research agenda might include the following: (1) examining in depth the need to measure empirically the degree of good governance of NPOs objectively and quantitatively, and based on the opinion of experts in the nonprofit sector; (2) exploring possible ways to create a practical, computerized tool, based on the above measurement, to help NPOs to be accountable; and (3) analyzing in depth the mechanisms based on web practices, and then publicizing their characteristics and the advantages derived from their implementation, as we consider them especially promising for a future research agenda since they are viable and affordable mechanisms thanks to the advance of information and communication technologies (ICTs). In relation to the limitations of this research, we can point out the use of two databases: WOS and

SCOPUS. We believe that additional databases such as EBSCO could also be included to broaden the search for articles.

In conclusion, we encourage NPO managers and professionals to implement self-regulatory practices to provide public information. Finally, we also highlight the valuable contribution of increased self-regulation in the sector in recent years, which, although its existence is not a sufficient ethical guarantee, indicates the emergence of a new culture in the nonprofit sector that more frequently expresses concern and awareness for implementing practices aligned with its values.

AUTHOR CONTRIBUTIONS

Antonio Luis Moreno-Albarracín and Ana Licerán-Gutiérrez gave the idea for the review article; Cristina Ortega-Rodríguez and Lucía Martín-Montes performed the literature search and data analysis; Cristina Ortega-Rodríguez drafted the work; finally, Antonio Luis Moreno-Albarracín and Ana Licerán-Gutiérrez critically revised the work.

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CONFLICT OF INTEREST STATEMENT

The authors have no conflicts of interest to declare that are relevant to the content of this article.

DATA AVAILABILITY STATEMENT

The data that support the findings of this study are available from the corresponding author upon reasonable request.

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APPENDIX 1: THE 33 PRINCIPLES FOR GOOD GOVERNANCE AND ETHICAL PRACTICE (Independent Sector, 2015)

Section	No.	Principle
1. Legal Compliance and public disclosure	1	A charitable organization must comply with all applicable federal laws and regulations, as well as applicable laws and regulations of the states and the local jurisdictions in which it is formed or operates. If the organization conducts programs outside the United States, it must also abide by applicable international laws, regulations, and conventions.
	2	A charitable organization should formally adopt a written code of ethics with which all of its directors or trustees, staff, and volunteers are familiar and to which they adhere.
	3	A charitable organization should adopt and implement policies and procedures to ensure that all conflicts of interest (real and potential), or the appearance thereof, within the organization and the governing board are appropriately managed through disclosure, recusal, or other means.
	4	A charitable organization should establish and implement policies and procedures that enable individuals to come forward with information on illegal practices or violations of organizational policies. This “whistleblower” policy should specify that the organization will not retaliate against, and will seek to protect the confidentiality of, individuals who make good-faith reports.
	5	A charitable organization should establish and implement policies and procedures to protect and preserve the organization’s important data, documents, and business records.
	6	A charitable organization’s board should ensure that the organization has adequate plans to protect its assets — its property, documents and data, financial and human resources, programmatic content and material, and its integrity and reputation — against damage or loss. The board should review regularly the organization’s need for general liability and directors’ and officers’ liability insurance, as well as take other actions necessary to mitigate risks.
	7	A charitable organization should make information about its operations, including its governance, finances, programs, and activities, widely available to the public. Charitable organizations also should consider making information available on the methods they use to evaluate the outcomes of their work and sharing the results of those evaluations.
2. Effective governance	8	A charitable organization must have a governing body that is responsible for reviewing and approving the organization’s mission and strategic direction, annual budget and key financial transactions, compensation practices and policies, and fiscal and governance policies.
	9	The board of a charitable organization should meet regularly enough to conduct its business and fulfill its duties.
	10	The board of a charitable organization should establish its own size and structure and review these periodically. The board should have enough members to allow for full deliberation and diversity of thinking on governance and other organizational matters. Except for very small

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		organizations, this generally means that the board should have at least five members.
	11	The board of a charitable organization should include members with the diverse background (including, but not limited to, ethnicity, race, and gender perspectives), experience, and organizational and financial skills necessary to advance the organization's mission.
	12	A substantial majority of the board of a public charity, usually meaning at least two-thirds of its members, should be independent. Independent members should not (1) be compensated by the organization as employees or independent contractors; (2) have their compensation determined by individuals who are compensated by the organization; (3) receive, directly or indirectly, material financial benefits from the organization except as a member of the charitable class served by the organization; or (4) be related to anyone described above (as a spouse, sibling, parent or child), or reside with any person so described.
	13	The board should hire, oversee, and annually evaluate the performance of the chief executive officer of the organization. It should conduct such an evaluation prior to any change in that officer's compensation, unless there is a multiyear contract in force or the change consists solely of routine adjustments for inflation or cost of living.
	14	The board of a charitable organization that has paid staff should ensure that the positions of chief staff officer, board chair, and board treasurer are held by separate individuals. Organizations without paid staff should ensure that the positions of board chair and treasurer are held by separate individuals.
	15	The board should establish an effective, systematic process for educating and communicating with board members to ensure they are aware of their legal and ethical responsibilities, are knowledgeable about the programs and activities of the organization, and can carry out their oversight functions effectively.
	16	Board members should evaluate their performance as a group and as individuals no less frequently than every three years and should have clear procedures for removing board members who are unable to fulfill their responsibilities.
	17	Governing boards should establish clear policies and procedures setting the length of terms and the number of consecutive terms a board member may serve.
	18	The board should review organizational and governing instruments no less frequently than every five years.
	19	The board should establish and review regularly the organization's mission and goals and should evaluate, no less frequently than every five years, the organization's programs, goals, and activities to be sure they advance its mission and make prudent use of its resources.
	20	Board members are generally expected to serve without compensation, other than reimbursement for expenses incurred to fulfill their board-related duties. A charitable organization that provides compensation to its board members should use appropriate comparability data to determine the amount to be paid, document the decision, and provide full disclosure to anyone, upon request, of the amount and rationale for the compensation.

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3. Strong financial oversight	21	A charitable organization must keep complete, current, and accurate financial records and ensure strong financial controls are in place. Its board should receive and review timely reports of the organization's financial activities and should have a qualified, independent financial expert audit or review these statements annually in a manner appropriate to the organization's size and scale of operations.
	22	The board of a charitable organization must institute policies and procedures to ensure that the organization (and, if applicable, its subsidiaries) manages and invests its funds responsibly, in accordance with all legal requirements. The full board should review and approve the organization's annual budget and should monitor actual performance against the budget.
	23	A charitable organization should not provide loans (or the equivalent, such as loan guarantees, purchasing or transferring ownership of a residence or office, or relieving a debt or lease obligation) to directors, officers, or trustees.
	24	A charitable organization should spend a significant amount of its annual budget on programs that pursue its mission while ensuring that the organization has sufficient administrative and fundraising capacity to deliver those programs responsibly and effectively.
	25	A charitable organization should establish clear, written policies for paying or reimbursing expenses incurred by anyone conducting business or traveling on behalf of the organization, including the types of expenses that can be paid for or reimbursed and the documentation required. Such policies should require that travel on behalf of the organization is to be undertaken cost-effectively.
	26	A charitable organization should neither pay for nor reimburse travel expenditures for spouses, dependents, or others who are accompanying someone conducting business for the organization unless they, too, are conducting such business.
4. Responsible fundraising	27	Solicitation materials and other communications addressed to donors and the public must clearly identify the organization and be accurate and truthful.
	28	Contributions must be used for purposes consistent with the donor's intent, whether as described in the relevant solicitation materials or as specifically directed by the donor.
	29	A charitable organization must provide donors with specific acknowledgments of charitable contributions, in accordance with IRS requirements, as well as information to facilitate the donors' compliance with tax law requirements.
	30	A charitable organization should adopt clear policies, based on its specific exempt purpose, to determine whether accepting a gift would compromise its ethics, financial circumstances, program focus, or other interests.
	31	A charitable organization should provide appropriate training and supervision of the people soliciting funds on its behalf to ensure that they understand their responsibilities and applicable federal, state, and local laws and do not employ techniques that are coercive, intimidating, or intended to harass potential donors.

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	32	A charitable organization should not compensate internal or external fundraisers based on a commission or a percentage of the amount raised.
	33	A charitable organization should respect the privacy of individual donors and, except where disclosure is required by law, should not sell or otherwise make available the names and contact information of its donors without providing them an opportunity at least once a year to opt out of the use of their names.