



# Contents

---

<b>ACKNOWLEDGMENTS</b>	<b>ix</b>
<b>PREFACE</b>	<b>xi</b>
<b>ABOUT THE AUTHOR</b>	<b>xiii</b>
<b>CHAPTER 1    History and Legislative Background of the Sarbanes-Oxley Act of 2002 and State Nonprofit Accountability Legislation</b>	<b>1</b>
What Is the Sarbanes-Oxley Legislation About?	3
Current Legislative Environment for Nonprofits	10
California's Nonprofit Integrity Act	18
Summary	19
<b>CHAPTER 2    Moving Nonprofit Governance into the Twenty-First Century</b>	<b>21</b>
How Sarbanes-Oxley Legislation Has Changed Governance Expectations in All Economic Sectors	22
Moving the Board into the Twenty-First Century	30
Why Do Nonprofit Boards Have Difficulty in Adjusting to Twenty-First-Century Expectations?	38
Summary	41
<b>CHAPTER 3    Leveraging Sarbanes-Oxley Requirements and Best Practices to Move Your Board to a Higher Level of Performance</b>	<b>43</b>
What Are the SOX Requirements and Best Practices?	44
Sarbanes-Oxley Requirements	47
Implementing SOX Best Practices	51
SOX and the Board: Achieving Greater Accountability	53
Summary	56

<b>CHAPTER 4</b>	<b>SOX as a Cure for the “Leave Your Brains at the Door” Syndrome</b>	<b>57</b>
	Board Dysfunction in Today’s New Legislative Environment	58
	What Is the “Leave Your Brains at the Door” Syndrome?	60
	Crafting Intervention Strategies for the Syndrome	67
	Summary	74
<b>CHAPTER 5</b>	<b>Moving the Board Forward: Intervention Techniques</b>	<b>77</b>
	Organizational Culture	78
	How to Jump-Start the Board to a Higher Level of Productivity	89
	Summary	91
<b>CHAPTER 6</b>	<b>Start at the Beginning</b>	<b>93</b>
	Questionnaire	93
	Utilizing the Data from the Questionnaire as a Platform for Change	100
	Developing Your Board’s Current Profile Blueprint for Action	101
	Leveraging the Blueprint: Establishing Strategies for Lasting Change	104
	Summary	105
<b>CHAPTER 7</b>	<b>Establishing a Platinum Standard for Governance</b>	<b>107</b>
	SOX Best Practices: Moving to a Platinum Operating Standard	108
	What Are Platinum Operating Standards?	110
	The Board’s Role in Changing the Organization’s Culture and Values To Introduce a Platinum Standard	118
	How Implementation of SOX Requirements and Best Practices Facilitates Change	119
	The Board’s Oversight Role in Implementing Your Nonprofit’s Document Preservation Policy	126
	The Board’s Role in the Review of Internal Controls	131
	A Platinum Standard for the Board	132
	Platinum Standards and SOX Best Practices	135
	Summary	138
<b>CHAPTER 8</b>	<b>SOX and the Really Small Nonprofit Board</b>	<b>139</b>
	Challenges of Really Small Boards	140
	Five Myths that Hold Small Nonprofits Back	140
	How to Scale SOX Best Practices in Small Nonprofits	142
	Keys to Success in Customizing SOX Best Practices	147
	Summary	150

<b>APPENDIX A</b>	<b>Letter from Senator Grassley to the Acting Chair of the American University Board of Trustees</b>	<b>151</b>
<b>APPENDIX B</b>	<b>Whistleblower Protection Policy</b>	<b>157</b>
<b>APPENDIX C</b>	<b>Risk Management Plan and Business Continuity Plan</b>	<b>159</b>
	Risk Management Plan: Table of Contents	159
	Business Continuity Plan	160
<b>APPENDIX D</b>	<b>Technology Policy</b>	<b>165</b>
	Talking Points	165
<b>APPENDIX E</b>	<b>Review of Internal Controls Report and Recommendations</b>	<b>167</b>
	Overview of the Project	167
	Systems	167
	Recommendations and Timeline	168
<b>APPENDIX F</b>	<b>Board of Directors—Governance Profile and Performance Expectations</b>	<b>169</b>
	Oversight and Policy Making	169
	Term Limits	169
	Summary of Board Committees’ Descriptions and Performance Objectives	170
	Process for Board Member Nomination and Election	170
	Board Orientation Session	171
<b>APPENDIX G</b>	<b>Conflict-of-Interest Policy</b>	<b>175</b>
	Sample Conflict of Interest Letter	177
<b>APPENDIX H</b>	<b>Code of Ethics for Board and Senior Management</b>	<b>179</b>
	Talking Points	179
	Sample Code of Ethics for a Nonprofit Board Member <sup>1</sup>	180
<b>APPENDIX I</b>	<b>Bibliography</b>	<b>181</b>
<b>INDEX</b>		<b>189</b>

