Your Questions Answered by the NRMC Staff

Resource Type: Risk eNews

Topic: General

Our Favorite Recent TA Question — We've selected our favorite recent technical assistance question (and our answer) to feature in this and future editions of the Center's eNews.

Q: Do we need a Code of Ethics?

A: There is no legal requirement to have a Code of Ethics unless your nonprofit is a party to a contract, or subject to accreditation or similar standards that require the nonprofit to have one. The public increasingly will expect nonprofits to have one in place. Many nonprofits publish their Codes of Ethics on their web sites. Note that for some government contractors, there is a **new rule** as of 12/24/2007 requiring the adoption of a "Business Ethics Code." Nonprofits that have a contract with the federal government expected to exceed $5 million, with a performance period of 120 or more days, must now comply with a new requirement to adopt and distribute a written "*Contractor Code of Business Ethics and Conduct*" to all employees. The nonprofit must also display the fraud hotline poster issued by the Office of the Inspector General. Failure to comply with the new regulations could result in the withholding of the contract payment and loss of the contract reward fees. These new rules are effective for contracts issued after December 24, 2007, but do not apply to existing contracts. The rules contain some exemptions for smaller organizations that nevertheless meet the $5 million threshold.

For more information contact the Nonprofit Risk Management Center via email at info@nonprofitrisk.org.