

Accountability Measures: A Closer Look at Service Statistics



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In this age of increased accountability, nonprofits are subjected to increased scrutiny in financial management, outcome measurement, and new service statistics.

Service Statistics

Service statistics may include an organization's membership, numbers of clients served, and hours of service delivered. Organizations have a great deal of discretion in defining their specific units of service delivery.

When properly used, service statistics are important indices of how well organizations are accomplishing their missions or how well they are meeting a community need.

Program funding is often contingent on demonstrating that an organization is able to help address an identified problem. In addition, nonprofit employees may be evaluated on the achievement of service delivery goals—the more difficult the goals are, the better the opportunities for advancement.

Service statistics represent resources that deserve as much attention as organizational finances. The two resources are directly related because many funders base their allocations upon membership and other service statistics as reported by the organization. Advertisers in a nonprofit's publication may also base their decision to advertise on the promised circulation of the publication. Most often, these figures are accepted at face value.

Even within membership organizations, boards of directors seldom delve into membership numbers or question the numbers reported by staff. With the twin pressures of financial support and professional advancement, some nonprofit professionals have resorted to falsification of service statistics. Individuals who inflate service statistics within nonprofit organizations risk criminal prosecution based on possible violations of a number of federal and state statutes. Alleged falsification of membership statistics could be construed as mail fraud when the report is delivered via the U.S. Postal Service.

Virtually all nonprofit organizations are susceptible to inflated service statistics. Over time, statistical inflation becomes as shaky as the proverbial house of cards and threatens not only the credibility of the organization, but its viability.

Simple Steps to Take

Avoiding the pitfall of inflated service statistics requires some simple steps:

1. Clearly define terms used in gathering statistics for the organization: for instance, who is a member, who is a service recipient, and what is a provided service.
2. Develop forthright audit techniques that mirror the terms defined; membership or client groups, like money, fluctuate during the course of the year and some reporting measures are misleading.
3. Appoint a committee to periodically examine the documentation of stated membership and other service statistics.
4. Pay special attention to subsidized memberships; consider additional scrutiny such as requiring member signatures.
5. Conduct a special membership or client group review each time the chief executive officer of the organization changes. This action would serve to establish the baseline upon which future growth would be measured.

Every organization tries to maximize the appearance of how truly the community is dependent on them for their services. If the organization defines the terms it's using, there is no question of falsification, and it's easier for the public to reconcile perceptions with reality. Organizations should treat statistics they generate with the same degree of care that they do their money.

Accountability Resources

- [“Managing Risk in Nonprofit Organizations: A Comprehensive Guide,” book](#)
- [“Pillars of Accountability: A Risk Management Guide for Nonprofit Boards,” book/downloadable book](#)
- “Pillars of Accountability in the Nonprofit World,” online assessment tool