

IOWA GENERAL ASSEMBLY GOVERNMENT OVERSIGHT COMMITTEE

Hearing on Chapter 8F Iowa Code November 21, 2011

Testimony of Richard F. Koontz, Director Larned A. Waterman Iowa Nonprofit Resource Center, University of Iowa and Willard L. Boyd, founder of the Center and President Emeritus of the University of Iowa

Chairpersons Courtney and Hagenow

Members of the Government Oversight Joint Committee

We appreciate the opportunity to appear before you today as you review Chapter 8 F of the Iowa Code. It has been four years since we last testified before you on the subject of service contracts.

We have just given you copies of the 2011 printing of the Iowa Principles and Practices for Charitable Nonprofit Organizations which were adopted by the 2005 Governor's Task Force on the Role of Charitable Nonprofit Organizations in Iowa. That Task Force consisted of 4 members of the General Assembly, representatives of the Offices of Governor, Secretary of State and the Attorney General as well as representatives of charitable nonprofit organizations. The Principles and Practices are published jointly by the Center and the Office of Secretary of State and appear on the websites of both organizations.

The Principles and Practices constitute a primer on "Best Practices". They are premised on the grounds that education/training are the most effective method of assuring that Iowa's nonprofits will effectively and responsibly serve the public good. Since we last met

with you, the Center has been continuously engaged in providing Principles and Practices training sessions throughout Iowa. For training locations see our 10 year annual report. Where the representative of a nonprofit takes 6 hours of training, the organization is listed on the Iowa Register of Accountability.

The Iowa Register of Accountability is a listing of organizations that have committed themselves to continuous improvement by implementing the Principles and Practices as general guidelines. Listing is also available where an organization's board commits by resolution to pursue the Principles and Practices. Listing is also available to accredited and licensed nonprofits. Currently there are 912 organizations listed.

The Principles and Practices deal extensively with the "Contractual Requirements" set forth in Section 8 F 3. In particular the Principles and Practices focus on board responsibilities, fiduciary duties, internal controls and audits. We often provide special sessions on "board training".

Since we last met with you the Internal Revenue Services has implemented a new Form 990 Annual Report which includes a special section on Governance which covers information relevant to 8 F 3 "Contractual Requirements". We also provide you with a copy of the "Governance" section.

In 2010 the Urban Institute conducted a national survey on state government contracts with human services nonprofit organizations. The response of Iowa organizations surveyed ranked Iowa second nationally in concerns about "Complexity of/time required By Application Process".

It is essential for nonprofits to perform efficiently and effectively, legally and ethically in the public interest. We believe this can be accomplished primarily through training in best practices and ethics.