NEW YORK UNIVERSITY
ROBERT F. WAGNER GRADUATE SCHOOL OF PUBLIC SERVICE

Tools for Managing Nonprofits: Compliance, Internal Control and Ethics
Draft Syllabus

Professor Paula Wilson
January Intersession 2009
January 6, 7, 13, 14, 2009 6:00 pm - 9:00 pm
Location: Silver, Room 804

Objectives of the Course:

This class will prepare the future nonprofit manager to lead a legally compliant and ethical organization. As regulators, public funders and private donors increasingly expect the organizations they support to operate with the highest standards, managers need to understand the risks and punishments for failing in this critical management function. This is especially true in the present climate where scandals in the public, nonprofit and for profit sectors have heightened awareness and expectations for transparent and competence management.

Using readings and case studies students will gain an understanding of the legal and regulatory environment of the nonprofit organization. They will learn how to design an agency corporate compliance program, write the policies and procedures of internal controls and the basics of risk management. Ethical behavior and creating an ethical corporate culture will be woven throughout the course content.

Prerequisites: None

Course Requirements/Grades

Attendance at all four session of this course is required. Students are expected to complete the readings and fully participate in the class discussion.

Case Study 20%
Paper 30%
Final Exam 30%
Class participation 20%

Plagiarism
Plagiarism is a serious academic offense. It is not tolerated at the Wagner School. Please refer to http://wagner.nyu.edu/current/policies/ for information on Wagner’s policies regarding academic integrity as well as other resources to give you a sense of what constitutes plagiarism.
Class 1: Introduction to the Course; The Nonprofit Organization

The first class will introduce the content and expectations for the course. The core of this class will be a close look at nonprofit organizations including their legal status and their tax status. We will study the duties of the nonprofit board and look at recent trends in the sector.

Readings:


“Right from the Start: Responsibilities of Officers and Directors of Not-for Profit Organizations”; New York State Attorney General’s Office, Charities Bureau


Class 2: Fraud and Abuse in the Nonprofit Sector, Corporate Compliance and Internal Controls

In this class we look at fraud and abuse in nonprofit organizations including an examination of several of the most egregious cases. We will also study the conditions that permit fraud and abuse to occur and how to establish and monitor a system of internal controls to reduce the risk of fraud and abuse.

Readings:

Gallagher, Mark; Radcliffe, Vaughn S., “Internal Controls in Nonprofit Organizations: The Case of the American Cancer Society, Ohio Division”, Nonprofit Management and Leadership, vol. 12, no. 3, Spring 2002


Fremont-Smith, Marion, “Pillaging of Charitable Assets: Embezzlement and Fraud”, The Exempt Organization Tax Review, December 2004

Class 3: Government Audits and Inspectors General and Risk Management

Following up on Class 2, we will study federal audits and the role of federal and state inspectors general. We will also study the practice of risk management in nonprofit organizations and how to evaluate risk.

Readings:

Light, Paul C., “Federal Inspectors General and the Paths to Accountability” Handbook of Administrative Ethics, 2nd Edition (Bobst ebrary resource)

Young, Dennis R., “How Nonprofit Organizations Manage Risk” Working Paper 06-03 July 2006, Andrew Young School of Policy Studies, Georgia State University (available online)

OMB Circular 133: Audits of States, Local Governments and Nonprofit Organizations (available under Assignments on Blackboard)

Class 4: The Internal Revenue Service, Sarbanes Oxley and Nonprofits

This class will explore the regulatory oversight of the Internal Revenue Service and focus on the 990, the tax reporting document for nonprofit organizations. We will look at recent IRS requirements regarding nonprofit governance and also discuss the risks of unrelated business income. We will also look at the extent to which nonprofits are allowed to lobby and engage in political activities. This class will also examine the impact of the Sarbanes-Oxley Act on nonprofit organizations.

Readings:

Keating, Elizabeth K; Frumpkin, Peter, “Reengineering Nonprofit Financial Accountability: Toward a More Reliable Foundation for Regulation”, Public Administration Review, Jan/Feb 2003


“The Sample Conflict of Interest Policy”, Nonprofit Risk Management Center (posted under Assignments on Blackboard)

“The Sarbanes-Oxley Act and Implications for Nonprofit Organizations”, Board Source (posted under Assignments on Blackboard)