

II. BUDGET AND MANAGEMENT

Effective Date: April 21, 2008

G. Whistle-Blower Protection

The Sarbanes Oxley Act establishes criminal penalties for any action taken in retaliation against whistleblowers and also increases a whistleblowing employee's ability to sue an employer, to collect a civil remedy if discriminated against and to receive special damages and attorney's fees. Because of the way the Whistle-Blower Protection provisions of the Act were written, it is generally held that they apply to all types of public sector entities, including non-profit organizations. Since this provision applies to non-profit organizations, policy and procedures must be developed to:

1. Take complaints seriously and handle them appropriately;
2. Establish a confidential and anonymous mechanism to encourage employees to report; and
3. Make sure no punishment for reporting claims is allowed even if the claims are unfounded.

A Sample Whistleblower Policy is available on the National Council of Non-profit Associations (NCNA) Web site. [<http://www.ncna.org>] or the Office of the State Auditor's web site, [<http://www.ncauditor.net/Non-profitSite/samplepolicies/PE%200005%20Whistleblower%20Policy%20Example.pdf>].

A review of "The Sarbanes-Oxley Act and Implications for Nonprofit Organizations" published by BoardSource (formerly the National Center for Nonprofit Boards) and Independent Sector (a coalition of corporations, foundations, and private voluntary organizations that works to strengthen America's nonprofit organizations) is recommended. The document is found at <http://www.independentsector.org/PDFs/sarbanesoxley.pdf>