

Sample Conflict of Interest Policy

By Jan Masaoka

At some point, most boards confront tension or conflict between the interests of the organization and the interests of an individual board member. For example, if your organization is hiring a new bookkeeper and the board president recommends his sister, other board members may (and should) question whether this is appropriate. On one hand, the board president's sister is an experienced bookkeeper who, because of her personal connection to the organization, will be particularly committed to the work. On the other hand, the executive director may be reluctant to supervise the board president's sister.

Conflicts of interest are difficult to weigh and balance because the relationships between board members and the community also are a part of the contribution that board members make to the agency. If the organization is buying a new computer, for example, and a board member owns a computer store, the organization may well benefit from discounts and extra service by buying the computer at her store. It would be a mistake to prohibit working with board members as vendors. Similarly, board members who are also clients of the organization can be tremendously helpful in ensuring that a client perspective is brought into decision-making, but a client board member may find himself in a difficult position if the agency is considering eliminating a service that is used by very few clients other than himself. In many cases, the perceived conflict of interest may simply "feel wrong" to some board members, although it might be within legal boundaries.

Three simple safeguards can go a long way towards preventing and avoiding conflicts of interest. First, establish a policy related to conflict of interest which is signed by all board members when they join the board. The statement can be a simple declaration or require detailed information about the board members' financial interests. Second, establish disclosure as a normal practice. Board members should find it customary for someone to announce, for example, "I have started to date the Clinic Director and, as a result, feel that I must resign from the board. I would like to continue as a member of the Fundraising Committee, but not as a board member." In another situation a board president might say, "This next agenda item relates to joining a collaboration with other children's agencies. I'm going to ask board members who are also on one of these other boards to identify themselves and participate in the discussion, but I will excuse them from the room for part of

the discussion and for the vote." Such disclosures should be recorded in the meeting's minutes.

Perhaps even more than written policies, board and staff leadership must establish by example and attitude an atmosphere of personal integrity. Some situations may need only a brief, informal comment to maintain that climate (example: "I know it's only \$24 but it's important to keep our finances straight"). In others, a decision may be delayed because of the need to ensure that it has been made in the organization's best interests. Each of us, by our daily words and actions, contributes to a culture of integrity and responsibility.

Sample Conflict of Interest Policy

The standard of behavior at the ____ Organization is that all staff, volunteers, and board members scrupulously avoid conflicts of interest between the interests of the ____ Organization on one hand, and personal, professional, and business interests on the other. This includes avoiding potential and actual conflicts of interest, as well as perceptions of conflicts of interest.

I understand that the purposes of this policy are to protect the integrity of the ____ Organization's decision-making process, to enable our constituencies to have confidence in our integrity, and to protect the integrity and reputations of volunteers, staff and board members. Upon or before election, hiring or appointment, I will make a full, written disclosure of interests, relationships, and holdings that could potentially result in a conflict of interest. This written disclosure will be kept on file and I will update it as appropriate. I understand that the purposes of this policy are to protect the integrity of the ____ Organization's decision-making process, to enable our constituencies to have confidence in our integrity, and to protect the integrity and reputations of volunteers, staff and board members. Upon or before election, hiring or appointment, I will make a full, written disclosure of interests, relationships, and holdings that could potentially result in a conflict of interest. This written disclosure will be kept on file and I will update it as appropriate.

In the course of meetings or activities, I will disclose any interests in a transaction or decision where I (including my business or other nonprofit affiliations), my family and/or my significant other, employer, or close associates will receive a benefit or gain. After disclosure, I understand that I will be asked to leave the room for the discussion and will not be permitted to vote on the question.

CompassPoint

I understand that this policy is meant to supplement good judgment, and I will respect its spirit as well as its wording.

Signed _____

Date _____