

**CNI SBSS**

**Conflict of Interest Policy**  
Approved by Office Bearers meeting  
March 2012

## **1. Purpose**

The purpose of the conflict of interest policy is to protect CNI SBSS's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a board member of CNI SBSS or might result in a possible excess benefit transaction. This policy is also intended to extend to partners of CNI SBSS wherever applicable. Further, this policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

## **2. Definitions**

### **2-A. Interested Person**

Any volunteer (including director(s) and anyone else who has the delegated power to decide and act on behalf of CNI SBSS) who has a direct or indirect personal gain, as defined below, is an interested person.

### **2-B. Personal Financial Gain**

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- (a) An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
- (b) A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or (c) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

### **2-C. Personal Non-financial Gain**

A person has a non-financial gain if the person has an arrangement or a transaction with a partner of CNI SBSS leading to personal benefit or gratification which is clearly beyond what is required by the charter of CNI SBSS.

Such benefit or gratification is not necessarily a conflict of interest. For instance, if a project partner provides a personal service to a person by introducing the person to a lawyer for personal business that would not be a conflict of interest. On the other hand, if the person provides a good or bad review of the project to CNI SBSS based on this personal service, then it is a conflict of interest. This typically would be a fine line, and an appropriate governing board or committee would decide if there is a conflict of interest or not.

## **3. Procedures**

### **3-A. Duty to Disclose**

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of financial or non-financial personal interest and be given the

opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement. The construction of such committees with delegated powers will be made on a case by case basis and within the context of the situation, can vary from local chapter committees to central CNI SBSS-wide committees, or the Board of Directors.

### **3-B. Determining Whether a Conflict of Interest Exists**

After disclosure of the financial and non-financial personal interest and all material facts, and after any discussion with the interested person, he/she shall leave the committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining committee members shall decide if a conflict of interest exists. This determination is subjective and will be decided on a case by case basis, purely on merit of the facts of the case.

### **3-C. Procedures for Addressing the Conflict of Interest**

(a) An interested person may make a presentation at the committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

(b) The chairperson of the committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

(c) After exercising due diligence, the committee shall determine whether CNI SBSS can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

(d) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the committee shall determine by a majority vote of the disinterested members whether the transaction or arrangement is in CNI SBSS's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

### **3-D. Violations of the Conflicts of Interest Policy**

(a) If the committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

(b) If, after hearing the member's response and after making further investigation as warranted by the circumstances, the committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

## **4. Records of Proceedings**

The minutes of the governing board and all committees with board delegated powers shall contain:

(a) The names of the persons who disclosed or otherwise were found to have a financial or non-financial personal interest in connection with an actual or possible conflict of interest, the nature of the financial or non-financial personal interest, any action taken to

determine whether a conflict of interest was present, and the governing board or committee's decision as to whether a conflict of interest in fact existed.

(b) The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

## **5. Conduct**

### **5-A. Staff Conduct**

Staffs of CNI SBSS are expected to carry out all their CNI SBSS duties without any conflict of financial or non-financial personal interest. In particular volunteers are expected to give extra care to their interactions with project partners always keeping in mind the context that they are acting for a funding agency. Specifically during visits to the project partner area, staff are expected to entirely reimburse the project partner for all costs incurred because of the said visit (CNI SBSS may or may not reimburse the volunteer from its admin funds, based on individual chapter policy). Volunteers (project stewards mainly) are also required to explicitly state to the project partners that none of their personal suggestions and ideas regarding the running of the project are to be tied with funding decisions – funding decisions are made by chapters by means of a recorded full-chapter vote.

### **5-B. Project Partner Conduct**

Project partners are required to not take advantage of naiveté or deference to judgment by CNI SBSS

volunteers and to behave in the central interest of their organization all the time.

## **6. Annual and triennial Statements**

Each elected member of CNI SBSS shall annually or triennially (as often as the elections are held, either at a chapter level or CNI SBSS-wide level), and each volunteer of CNI SBSS (when they are being added to the chapter volunteer mailing list) shall acknowledge a statement which affirms such person:

- (a) Has received a copy of the conflicts of interest policy,
- (b) Has read and understands the policy,
- (c) Has agreed to comply with the policy, and
- (d) Understands CNI SBSS is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

## **7. Periodic Reviews**

To ensure CNI SBSS operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews (once in 2 years, at the biennial CNI SBSS conference) shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

(a) Whether our current set of code of conduct encompasses all possible conflicts of interest and sets the charter for volunteer behavior in keeping with our tax-exempt education charity purpose and mission.

(b) Whether partnerships, joint ventures, and arrangements with management organizations conform to the

Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.