

Conflict of Interest Policy:

Policy Defined: A Conflict of Interest is a situation in which a person or organization is involved in multiple interests, financial or otherwise, one of which could possibly corrupt the motivation or decision-making of that individual or organization.

The presence of a Conflict of Interest is independent of the occurrence of impropriety. Therefore, a conflict of interest can be discovered and voluntarily defused before any corruption occurs. A conflict of interest exists if the circumstances are reasonably believed to create a risk that a decision may be unduly influenced by other, secondary interests, and not on whether a particular individual is actually influenced by a secondary interest.

A widely used definition is: "A conflict of interest is a set of circumstances that creates a risk that professional judgment or actions regarding a primary interest will be unduly influenced by a secondary interest. Primary interest refers to the principal goals of the profession or activity, such as the protection of clients, the health of patients, the integrity of research, the duties of a public offer. Secondary interests include personal benefit and are not limited to only financial gain but also such motives as the desire for professional advancement, or the wish to do favors for family and friends. These secondary interests are not treated as wrong in and of themselves but become objectionable when they are believed to have greater weight than the primary interests. Conflict of interest rules in the public sphere mainly focus on financial relationships since they are relatively more objective, fungible, and quantifiable, and usually involve the political, legal and medical fields."

Types of Conflict of Interest

- Self-dealing: an official who controls an organization causes it to enter into a transaction with the official or with another organization that benefits the official only. The official is on both sides of the "deal"
- Outside employment: a second job in which the interests of one job conflict with another.
- Nepotism: a spouse, child, or other close relative is employed (or applies for employment) by an individual in the organization, or where goods or services are purchased from a relative or from a firm controlled by a relative. The employed relative should not have a role in the hiring process and needs to recuse themselves.
- Gifts: gifts from friends who also do business with the person receiving the gift(s), or from individuals or corporations who do business with the organization in which the gift recipient is employed. Such gifts may include non-tangible things of value such as transportation and lodging.
- Bribes, fraud, and security breach: accepting bribes can be classified as corruption, use of government or corporate property or assets for personal use is fraud, and unauthorized distribution of confidential information is a security breach. For these improper acts, conflict is inherent in each of them.
 - ❖ In the event that an individual under the purview of this policy does not self-disclose any of the COI "Types" listed above, and operates with a known conflict of interest, please see the Mitigation step referenced below titled "Termination."

Mitigation Steps

- Removal: People who may be perceived to have a conflict of interest sometimes resign from a position or sell a share in a venture to eliminate the conflict going forward.
- Blind Trust: A politician who owns shares in a company that may be affected by government policy may put those shares in a blind trust with themselves or their family as beneficiary. It is disputed whether this

really removes the conflict of interest, however.

- **Disclosure:** Commonly, politicians and high-ranking government officials are required to disclose financial information - assets such as stock, debts such as loans, and/or corporate positions held. To protect privacy, financial figures are often disclosed. Certain professionals are required either by rules related to their professional organizations or by statute to disclose any actual or potential conflicts of interest. In some instances, failure to provide full disclosure is a crime.
- **Recusal:** Those with a conflict of interest are expected to recuse themselves from decisions where such a conflict exists. The imperative for recusal varies depending upon the circumstance and profession, either as common-sense ethics, codified ethics, or by statute.
- **Third-party evaluations:** Hiring of an independent firm or individual (third party) to evaluate such matters that is then, voted on by the board of directors. Third party evaluations may also be used to prove transactions were fair.
- **Termination:** In the event that an employee under the purview of this policy does not self-disclose and operates with a known conflict of interest, the Guild Board will move to immediately terminate the individual, once the conflict is confirmed, for a breach of contract as outlined in **Section 21 Conflict of Interest**, and **Section 35 Termination of Employment** of the individual's employment contract.

Conflict of Interest Review Actions	Explanation	Timeline
Monthly Executive Director Assurance/Attestation Process	ED will review potential COI monthly and complete attestation form	3rd Monday of each month in advance of Board Meeting
Monthly Board Conflict of Interest Reviews	Board Chair facilitates COI review as standing agenda item monthly with all findings and required next steps reflected in minutes	Monthly Board Meeting
Annual Board Assurances	Annual Assurance process allows the board to focus on potential risk which could compromise the achievement of the Guild's mission in supporting High Quality Charter Schools.	Completed at Annual Board meeting (August)
Employee Contract COI Policy Clause	All employee contracts include prohibitions against COI and outline terms for dismissal if not followed	Signed in advance of new employee start date