

A conflict of interest policy is a “must have” one. Sometimes one finds articles in non-profit bylaws that address the issue. As such there are many examples to be found, all similar to this one. It is important to remember that there is no distinction, where transparency is important, between a “real” conflict of interest and a “perceived” one. This sample deals with conflict of interests involving both board members and staff.

Conflict of Interest

Members of the Association’s board of directors and staff are expected to operate according to high ethical standards. This includes recognizing that conflicts of interest exist, have the potential to inhibit the wisdom of particular decisions, and possibly damage the organization’s reputation.

Conflicts of interest exist where a person:

- a) Has, or is perceived to have, a personal, family or business interests that might benefit from a decision in which he/she the involved in making, or is able to influence those making it.
- b) Is involved with a competing or sister organization that may result in a divided loyalty in the context of making a decision

Voting for or against, or arguing for or against, a particular outcome may influence a decision. Limiting the options being considered may also influence it. We recognize that not all conflicts of interest are rooted in financial benefit. Examples of possible conflict of interest situations with respect to our Association include:

- A board member has a personal or business relationship with the Association as a supplier of goods or services or as a landlord or tenant
- A staff member has a personal or financial relationship outside of the workplace with a client or supplier who he/she deals with directly as a representative of the Association
- The Association is employing someone who is directly related to a board member or other staff member
- A major funder or donor has a position on the board even if it is a non-voting one.

Conflicts of interest are unavoidable and should not prevent an individual from serving as a director or as staff member unless the extent of the interest is so significant that the potential for undo influence is present in a large number of situations.

Procedure for Handling a Conflict of Interest

Disclosure: Members of the board and staff have a duty to disclose any personal, family, or business interests or other community involvements, that may, in the eyes of another person, influence their judgment. Directors shall disclose conflicts of interest to the board; the executive director to the board, and staff members to the executive director.

Board members are expected to disclose potential conflicts, if anticipated, prior to their nomination or election. Otherwise they are obliged to disclose them when the circumstances arise. They should be disclosed to the board chair and/or to the whole board.

The board itself may want to disclose specific director conflicts of interest to members, staff, funders and external stakeholders where that interest may, in their judgement, affect the reputation or credibility of the organization. Such disclosure may be made publicly not just in confidential communication.¹

Determination of Conflict: The board or executive director should assess the presence of a conflict of interest, or the perception of one, and determine what actions, if any, are appropriate to address the situation.

Stepping Out: Board members and staff have a duty to exempt themselves from participating in any discussion and voting on matters where they have, or may be perceived as having, a conflict of interest. Normally they may be asked to step out.

Minutes of board or meetings should reflect when a board member steps out because of a conflict.

Staff conflicts of interest should be disclosed to the board but up to the executive director to manage.

Note: This sample policy may be freely used and adapted by a no-profit organization without acknowledgement of the source.

¹ Where there is a conflict of interest that might raise eyebrows, the board should communicate frankly. Here is an example: "We are pleased to have _____ on our board. The director and the board as a whole are well aware of the potential for this being perceived as a possible conflict of interest. We have a strong policy on this matter and have agreed that we will employ accepted measures to avoid it being a problem."