

9.4 SAMPLE CONFLICT OF INTEREST POLICY

(See MT TX FP Administrative Manual, Policy 1.9, *Conflict of Interest*)

Policy: Personal interests will be disclosed when they present actual or potential conflict with the interests of the organization, or appear to conflict with the objectivity and integrity of professional roles and responsibilities. This is to ensure the integrity of decisions made on behalf of the family planning clinic. Business decisions should be free of personal bias, interest or gain.

Due to the nature of this policy it is impossible to describe every potential conflict of interest, or the appropriate course of action to take in each situation. The below list describes common scenarios and the appropriate action to be taken in those situations.

Procedure:

1. Ultimately, when a conflict of interest is identified:
 - a. There will be a self-disclosure of the conflict. Disclosure should be made to a member of the senior management who can objectively assess the situation. If the conflict of interest involves a senior manager, disclosure should be made to the President & CEO and the Chair of the Board of Directors.
 - b. Each situation will be assessed on a case by case basis to determine if personal interests are compromising, or have the potential to compromise, professional integrity. Not every situation involving competing personal and professional interests will warrant an action.
 - c. For conflicts of interest that warrant action, such action will be taken to protect the interests of the organization.
 - d. Each individual and department head is responsible for ensuring that this policy is complied with.
2. Examples of when conflicts of interest arise:
 - a. Purchasing and Contracting: Purchasing and contracting decisions should be based on vendor history, quality, service, price and other factors necessary to advance the interests of the organization. Individuals who have the ability to make or influence a purchasing or contracting decision should be free of personal bias or gain. Personal relationships with a potential vendor or contractor, financial interests, gifts or favors received and other forms of influence should be disclosed. When a conflict of interest warrants action, there may be exclusion from the selection, negotiation, purchasing and contracting process.
 - b. Staffing: Staffing decisions should be based on academic credentials, skills, experience, professional qualifications and achievements and other factors necessary to excel in the role. Individuals who have the ability to make or influence staffing decisions should be free of personal bias or gain. Staffing decisions involving immediate family members, relatives and other individuals where a personal relationship exists should be disclosed. When a conflict of interest warrants action, there may be exclusion from the screening, selection of hiring process, career development, advancement and other staffing decisions.
 - c. Gifts and Gratuities: Cash should never be accepted. No gifts valued at greater than \$____ should be accepted by any board member, officer or employee of the family planning clinic from a representative of any dealer, supplier, or anyone with an organizational relationship to the organization which could in any way be construed as influencing or rewarding a particular course of action. It must be clearly

disclosed who is supplying and what is being supplied. All business and travel expenses should be accounted.

- d. Corporate Assets: The privilege to access and use corporate assets is granted to advance the interest of the organization and should not be abused for personal gain. Financial, personal and other incentives to misuse cash, property, equipment, supplies and other company resources should be disclosed. Company expenditures for professional membership and education should be disclosed. When such expenditures do not enhance the performance of professional responsibilities for the organization, they may be considered waste and abuse of corporate assets.
 - i. Company discounts and other benefits extended to organizations and individuals, including prospective and current customers, should be disclosed. When such benefits are based on personal relationships or for personal gain, and do not advance the interests of the organization, they may be considered waste and abuse of corporate assets. Waste and abuse of corporate assets may result in disciplinary action.
- e. Information Integrity: The management and communication of information should be free of personal bias or gain. Financial, personal and other incentives that may compromise the integrity of information documentation and reporting should be disclosed. When a conflict of interest warrants action, there may be exclusion from access and analysis of presentation of information.
- f. Outside Activities: Outside activities that may conflict with professional roles and responsibilities should be disclosed and include, but are not limited to, serving on competitor boards, working for competitors, ownership in a competing business, investments in competitors, political activities and contributions, or activities that go against the core values of the organization

Clinic Conflict of Interest Policy

Section 1: Purpose

[Clinic] is a nonprofit, tax-exempt organization. Maintenance of its tax-exempt status is important both for its continued financial stability and for public support. Therefore, the IRS as well as state regulatory and tax officials view the operations of [Clinic] as a public trust, which is subject to scrutiny by and accountable to such governmental authorities as well as to members of the public.

Consequently, there exists between [Clinic] and its Board, officers, and management employees and the public a fiduciary duty, which carries with it a broad and unbending duty of loyalty and fidelity. The Board, officers, and management employees have the responsibility of administering the affairs of [Clinic] honestly and prudently, and of exercising their best care, skill, and judgment for the sole benefit of [Clinic]. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with [Clinic] or knowledge gained there from for their personal benefit. The interests of the organization must be the first priority in all decisions and actions.

Section 2: Persons Concerned

This statement is directed not only to directors and officers, but to all employees who can influence the actions of [Clinic]. For example, this would include all who make purchasing decisions, all persons who might be described as "management personnel," and anyone who has proprietary information concerning [Clinic].

Section 3: Areas in Which Conflict May Arise

Conflicts of interest may arise in the relations of directors, officers, and management employees with any of the following third parties:

1. Persons and firms supplying goods and services to [Clinic].
2. Persons and firms from whom [Clinic] leases property and equipment.
3. Persons and firms with whom [Clinic] is dealing or planning to deal in connection with the gift, purchase or sale of real estate, securities, or other property.
4. Competing or affinity organizations.
5. Donors and others supporting the [Clinic].
6. Agencies, organizations and associations which affect the operations of [Clinic].
7. Family members, friends, and other employees.

Section 4: Nature of Conflicting Interest

A conflicting interest may be defined as an interest, direct or indirect, with any persons or firms mentioned in Section 3. Such an interest might arise through:

1. Owning stock or holding debt or other proprietary interests in any third party dealing with [Clinic].
2. Holding office, serving on the board, participating in management, or being otherwise employed (or formerly employed) with any third party dealing with [Clinic].
3. Receiving remuneration for services with respect to individual transactions involving [Clinic].
4. Using [Clinic]'s time, personnel, equipment, supplies, or good will for other than [Clinic] approved activities, programs, and purposes.
5. Receiving personal gifts or loans from third parties dealing or competing with [Clinic]. Receipt of any gift is disapproved except gifts of a value less than \$____, which could not be refused without discourtesy. No personal gift of money should ever be accepted.

Section 5: Interpretation of this Statement of Policy

The areas of conflicting interest listed in Section 3, and the relations in those areas which may give rise to conflict, as listed in Section 4, are not exhaustive. Conflicts might arise in other areas or through other relations. It is assumed that the directors, officers, and management employees will recognize such areas and relation by analogy.

The fact that one of the interests described in Section 4 exists does not necessarily mean that a conflict exists, or that the conflict, if it exists, is material enough to be of practical importance, or if material, that upon full disclosure of all relevant facts and circumstances it is necessarily adverse to the interests of [Clinic].

However, it is the policy of the board that the existence of any of the interests described in Section 4 shall be disclosed before any transaction is consummated. It shall be the continuing responsibility of the Board, officers, and management employees to scrutinize their transactions and outside business interests and relationships for potential conflicts and to immediately make such disclosures.

Section 6: Disclosure Policy and Procedure

Transactions with parties with whom a conflicting interest exists may be undertaken only if all of the following are observed:

1. The conflicting interest is fully disclosed;
2. The person with the conflict of interest is excluded from the discussion and approval of such transaction;
3. A competitive bid or comparable valuation exists; and
4. The Board or a duly constituted committee thereof has determined that the transaction is in the best interest of the organization.

Disclosure in the organization should be made to the chief executive officer (or if she or he is the one with the conflict, then to the Board President), who shall bring the matter to the attention of the Board or a duly constituted committee thereof. Disclosure involving directors should be made to the Board President, (or if she or he is the one with the conflict, then to the Board Vice-President) who shall bring these matters to the Board or a duly constituted committee thereof.

The Board or a duly constituted committee thereof shall determine whether a conflict exists and in the case of an existing conflict, whether the contemplated transaction may be authorized as just, fair, and reasonable to [Clinic]. The decision of the Board or a duly constituted committee thereof on these matters will rest in their sole discretion, and their concern must be the welfare of [Clinic] and the advancement of its purpose.

Clinic Conflict of Interest Disclosure Statement

Preliminary note: In order to be more comprehensive, this statement of disclosure/questionnaire also requires you to provide information with respect to certain parties that are related to you. These persons are termed “affiliated persons” and include the following:

1. your spouse, domestic partner, child, mother, father, brother or sister;
2. any corporation or organization of which you are a board member, an officer, a partner, participate in management or are employed by, or are, directly or indirectly, a debt holder or the beneficial owner of any class of equity securities; and
3. any trust or other estate in which you have a substantial beneficial interest or as to which you serve as a trustee or in a similar capacity.

NAME OF EMPLOYEE OR BOARD MEMBER: (Please print)

CAPACITY:

- Board of Directors
 Executive committee
 Officer
 Committee member
 Staff (position): _____

Have you or any of your affiliated persons provided services or property to [Clinic] in the past year?

- YES NO

If yes, please describe the nature of the services or property and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

Have you or any of your affiliated persons purchased services or property from [Clinic] in the past year?

- YES NO

If yes, please describe the purchased services or property and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

Please indicate whether you or any of your affiliated persons had any direct or indirect interest in any business transaction(s) in the past year to which [Clinic] was or is a party?

- YES NO

If yes, describe the transaction(s) and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

Were you or any of your affiliated persons indebted to pay money to [Clinic] at any time in the past year (other than travel advances or the like)?

YES NO

If yes, please describe the indebtedness and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

In the past year, did you or any of your affiliated persons receive, or become entitled to receive, directly or indirectly, any personal benefits from [Clinic] or as a result of your relationship with CLINIC, that in the aggregate could be valued in excess of \$_____, that were not or will not be compensation directly related to your duties to [Clinic]?

YES NO

If yes, please describe the benefit(s) and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

Are you or any of your affiliated persons a party to or have an interest in any pending legal proceedings involving [Clinic]?

YES NO

If yes, please describe the proceeding(s) and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

Are you aware of any other events, transactions, arrangements or other situations that have occurred or may occur in the future that you believe should be examined by [Clinic]'s Board or a duly constituted committee thereof in accordance with the terms and intent of [Clinic]'s conflict of interest policy?

YES NO

If yes, please describe the situation(s) and if an affiliated person is involved, the identity of the affiliated person and your relationship with that person:

I hereby confirm that I have read and understand [Clinic]'s conflict of interest policy and that my responses to the above questions are complete and correct to the best of my information and belief. I agree that if I become aware of any information that might indicate that this disclosure is inaccurate or that I have not complied with this policy, I will notify the Board President or Executive Director immediately.

Signature: _____ Date: _____

Clinic Gift Policy and Disclosure Form

As part of its conflict of interest policy, [Clinic] requires that directors, officers and employees decline to accept certain gifts, consideration or remuneration from individuals or companies that seek to do business with [Clinic] or are a competitor of it. This policy and disclosure form is intended to implement that prohibition on gifts.

Section 1: “Responsible Person” is any person serving as an officer, employee or a member of the Board of directors of [Clinic].

Section 2: “Family Member” is a spouse, domestic partner, parent, child or spouse of a child, or a brother, sister, or spouse of a brother or sister, of a Responsible Person.

Section 3: “Contract or Transaction” is any agreement or relationship involving the sale or purchase of goods, services or rights of any kind, receipt of a loan or grant, or the establishment of any other pecuniary relationship. The making of a gift to [Clinic] is not a “contract” or “transaction.”

Section 4: Prohibited gifts, gratuities and entertainment. Except as approved by the President of the Board or his designee or for gifts of a value less than \$___ which could not be refused without discourtesy, no Responsible Person or Family Member shall accept gifts, entertainment or other favors from any person or entity which:

1. Does or seeks to do business with [Clinic] or,
2. Does or seeks to compete with [Clinic] or,
3. Has received, is receiving, or is seeking to receive a Contract or Transaction with [Clinic].

Gift Statement

I certify that I have read the above policy concerning gifts, and I agree that I will not accept gifts, entertainment or other favors from any individual or entity, which would be prohibited by the above policy. Following my initial statement, I agree to provide a signed statement at the end of each calendar year certifying that I have not received any such gifts, entertainment or other favors during the preceding year.

Signature

Date