

Sierra Nevada Children's Services Policies and Procedures

Title: Conflict of Interest – Board of Directors and Committee Members Policy	
Date Modified: 5.9.2017	Board Approved: 06.21.2017
Authority: Public Contract Code 10410, -411, -420 and -430	

Statement of Policy

Sierra Nevada Children's Services (SNCS) is a non-profit, 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 SNCS as a public trust, which is subject to scrutiny by and accountable to such governmental authorities as well as to members of the public.

The board of directors and committee members have the responsibility of administering the affairs of SNCS honestly and prudently, and of exercising their best care, skill, and judgment for the sole benefit of SNCS. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with SNCS or knowledge gained from the agency for their personal benefit. The interests of the organization must be the first priority in all work-related decisions and actions.

Persons Concerned

This statement is directed to directors and committee members who can influence the actions made by or on behalf of the Agency.

Section 1 - Areas in Which a Conflict May Arise

Conflicts of interest may arise in the relations of directors and committee members with any of the following third parties:

1. Persons and firms supplying goods and services to SNCS.
2. Persons and firms from whom SNCS leases property and equipment.
3. Persons and firms with whom SNCS 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. Funders, donors and any others who support SNCS financially.
6. Agencies, organizations, and associations which affect the operations of SNCS.
7. Family members, friends, and other employees.

Section 2 - Nature of Conflicting Interest

A conflicting interest may be defined as an interest, direct or indirect, with any persons or firms mentioned in Section 1. Such an interest might arise through:

1. An ownership or investment interest or other proprietary interests in any third party dealing with SNCS.

2. Holding office, serving on a board, participating in management, or being otherwise employed (or formerly employed) with any third party dealing with SNCS or serving the same clientele as SNCS.
3. Receiving remuneration for services with respect to individual transactions involving SNCS. (This includes “self-dealing” with regard to SNCS’ services. For example, a parent and/or provider receiving alternative payment assistance.)
4. Using SNCS’ time, personnel, equipment, supplies, or good will for other than SNCS-approved activities, programs, and purposes.
5. Receiving personal gifts or loans from third parties dealing or competing with SNCS. Receipt of any gift is disapproved except gifts of a value less than \$50 which could not be refused without discourtesy. No personal gift of money should ever be accepted.

Section 3 - Interpretation of This Statement of Policy

The areas of conflicting interest listed in Section 1, and the relations in those areas which may give rise to conflict, as listed in Section 2, are not exhaustive. Conflicts might arise in other areas or through other relations. It is assumed that the directors and committee members will recognize such areas and relations by analogy. The fact that one of the interests described in Section 2 exists does not necessarily mean that a conflict exists, or that the conflict, if it exists, is material enough to be of practical import, or if material, that upon full disclosure of all relevant facts and circumstances it is necessarily adverse to the interests of SNCS. However, it is the policy of the Agency that the existence of any potential conflict of interest shall be disclosed. It shall be the continuing responsibility of the directors and committee members to scrutinize their activities and outside business interests and relationships for potential conflicts and to immediately make such disclosures.

Section 4 - Disclosure Policy and Procedure

1. **Duty to Disclose** Directors and committee members must disclose the existence of any actual or possible conflict of interest using the SNCS’ Conflict of Interest Disclosure Statement.
 - A. Directors and Committee Members may obtain this form from the Board Chair who shall determine whether full board discussion is warranted and whether there exists a Conflict of Interest that is subject to this policy. Additionally:
 1. Prior to board or committee action on a Contract or Transaction involving a Conflict of Interest, a director or committee member having a Conflict of Interest and who is in attendance at the meeting shall disclose all facts material to the Conflict of Interest. Such disclosure shall be reflected in the minutes of the meeting. If board members are aware that staff or other volunteers have a conflict of interest, relevant facts should be disclosed by the board member or by the interested person him/herself if invited to the board meeting as a guest for purposes of disclosure.
 2. A director or committee member who plans not to attend a meeting at which he or she has reason to believe that the board or committee will act on a matter in which the person has a Conflict of Interest shall disclose to the chair of the meeting all facts material to the Conflict of Interest. The chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.

2. Procedures for Addressing the Conflict of Interest

- A. Directors and Officers. If a conflict of interest is determined, there will be an effort to work with the director/committee member to develop a resolution plan that will be approved by the Board of Directors. Such a resolution plan may take any reasonable form that provides assurance that financial or other interests are unlikely to interfere with decisions regarding the individual's relationship with the agency. Additionally:
1. A Board Member who has a general, standing Conflict of Interest for the term of his/her membership on the Board will be designated an Advisory Director. Such member "may participate in discussions of all issues to provide advice in their respective areas of expertise, may not influence a pending decision and may not vote on any issue. Such Advisory members shall not be considered directors of the Corporation for purposes of Section 5210 et. seq. of the Corporations Code. (See Resolution No. 77 of the Board of Directors of Sierra Nevada Children's Services.)
 2. A Board Member who has a Conflict of Interest with respect to a specific Contract or Transaction to be voted on at a meeting may be asked to disclose material facts and to respond to questions. Such Board Member may be asked to not participate in the board's or committee's discussion of the matter if necessary to maintain the integrity of the Contract or Transaction. Such person shall not attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting. The person having a conflict of interest may not vote on the Contract or Transaction.
 3. 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 approval of such transaction; 3) a competitive bid or comparable valuation exists; and 4) the board (or duly constituted committee thereof) has determined that the transaction is just, fair and in the best interest of the organization. The decision of the board on these matters will rest in their sole discretion, and their concern must be the welfare of SNCS and the advancement of its purpose.

Section 5 - Confidentiality

Each director and committee member shall exercise care not to disclose confidential information acquired in connection with disclosures of conflicts of interest or potential conflicts, which might be adverse to the interests of SNCS. Furthermore, directors and committee members shall not disclose or use information relating to the business of SNCS for their personal profit or advantage or the personal profit or advantage of their Family Member(s).

Section 6 - Review of Policy

- A. Each director and committee member, upon election or appointment – and thereafter once annually – shall be provided with and asked to review a copy of this policy and to sign a statement which affirms that such person:
1. Has received a copy of the Conflict of Interest Policy;
 2. Has read and understands the policy;
 3. Has agreed to comply with the policy; and

4. Understands that SNCS is a charitable organization 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.
- B. Each director and committee member upon election or appointment – and thereafter once annually – shall complete a Disclosure Form identifying any relationships, positions or circumstances in which s/he is involved that he or she believes could contribute to a Conflict of Interest.
 - C. Any changes to the policy shall be approved by the Board of Directors, and communicated to all directors and committee members.