



# Oak Lane Community Action Association (OLCAA) CONFLICT OF INTEREST POLICY

## Conflict of Interest policy

The standard of behavior at Oak Lane Community Action Association (hereinafter referred to as “OLCAA”) is that all Board members shall scrupulously avoid conflicts of interest between the interests of OLCAA on the one hand, and personal, professional, and business interests on the other. This includes avoiding potential and actual conflicts of interest, as well as perceptions of conflicts of interest.

### 1. Purpose

The purpose of the Conflict of Interest policy is to protect the interests of OLCAA, as a tax-exempt organization, when OLCAA is contemplating entering into a transaction or arrangement that might benefit the private interest(s) of an Officer or Director of the organization, or might result in a possible excess benefit transaction.

This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflict of interest that pertains to nonprofit and charitable organizations.

### 2. Financial Interest

An individual has a financial interest if that 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, an 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. 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.

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

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, s/he shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or committee members shall decide if a conflict of interest exists.

### **4. Procedures for Addressing the Conflict of Interest**

- a) An interested person may make a presentation at the governing board or committee meeting, but after the presentation, s/he 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 governing board or 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 governing board or committee shall determine whether the organization 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 governing board or committee shall determine by a majority vote of the disinterested Directors whether the transaction or arrangement is in the organization'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.

## **5. Violations of the Conflict of Interest Policy**

- a) If the governing board or 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 governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

## **6. 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 interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's 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.

## **7. Compensation**

- a) A voting member of the governing board who receives compensation, directly or indirectly, from the organization for services is precluded from voting on matters pertaining to that member's compensation.
- b) A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the organization for services is precluded from voting on matters pertaining to that member's compensation.
- c) No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

## **8. Annual Statements**

Each Director, principal officer, and member of a committee with governing board-delegated powers shall annually sign a statement which affirms that such person:

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

## **9. Periodic Review**

To ensure the organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a) Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- 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 an excess benefit transaction.

This revision from the Internal Revenue Service is as of 2006.

Board members and committee members that do not sign the Conflict of Interest policy still must abide by the organization's policy and are obligated to disclose any conflict.

If the Board deems that the person(s) will not disclose or feels that there are other agendas, the Board can dismiss that Board member or committee person to protect the 501(c)(3) and 509 status.

Date: \_\_\_\_\_

I understand that the purpose of this Conflict of Interest policy is to protect the integrity of OLCAA's decision-making process, to enable our constituencies to have confidence in our integrity, and to safeguard the integrity and reputations of Board members.

In the course of meetings or activities, I will disclose any interests in a transaction or decision where I (including my business or other nonprofit affiliations), my family and/or significant other, employer, or close associate(s) may receive a benefit or gain.

I understand that this disclosure will be captured in minutes and/or other organization records and retained in a manner and for a period consistent with OLCAA policies and procedures for records retention. After disclosure, I understand that I will be asked to leave the room for the discussion and will not be permitted to vote on the question under consideration.

I understand that this policy is meant to supplement individual good judgment, and I will respect its spirit as well as its wording.

1. \_\_\_\_\_ 2. \_\_\_\_\_

3. \_\_\_\_\_ 4. \_\_\_\_\_

5. \_\_\_\_\_ 6. \_\_\_\_\_

7. \_\_\_\_\_ 8. \_\_\_\_\_

9. \_\_\_\_\_ 10. \_\_\_\_\_

11. \_\_\_\_\_ 12. \_\_\_\_\_

13. \_\_\_\_\_ 14. \_\_\_\_\_

15. \_\_\_\_\_ 16. \_\_\_\_\_

Date: \_\_\_\_\_

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17. \_\_\_\_\_ 18. \_\_\_\_\_

19. \_\_\_\_\_ 20. \_\_\_\_\_

21. \_\_\_\_\_ 22. \_\_\_\_\_

23. \_\_\_\_\_ 24. \_\_\_\_\_

25. \_\_\_\_\_ 26. \_\_\_\_\_

27. \_\_\_\_\_ 28. \_\_\_\_\_

29. \_\_\_\_\_ 30. \_\_\_\_\_

31. \_\_\_\_\_ 32. \_\_\_\_\_