

**KINGS COMMUNITY ACTION ORGANIZATION**  
**Board Policy**

**BP 2200**

**CONFLICT OF INTEREST**

**SECTION I**

In the course of business, situations may arise in which an Organization decision-maker has a conflict of interest, or in which the process of making a decision may create an appearance of a conflict of interest.

All board members and employees have an obligation to:

1. Avoid conflicts of interest, or the appearance of conflicts, between their personal interests and those of the Organization in dealing with entities or individuals,
2. Disclose real and apparent conflicts of interest to the Board of Directors and the Executive Director,
3. Refrain from participation in any decisions on matters that involve a real conflict of interest or the appearance of a conflict, and
4. An employee, who is eligible for KCAO services, has an inherent conflict of interest, and must be treated the same as any outside person for receipt of goods or services, receiving zero preference for being a KCAO employee. Please see Administrative Policy 3410 for full guidelines on employees being eligible for KCAO services.

**SECTION 2**

**What Constitutes a Conflict of Interest?**

A conflict of interest arises when a board of director or employee involved in making a decision is in the position to benefit, directly or indirectly, from his/her dealings with the Organization or person conducting business with the Organization. (A potential conflict of interest exists when a board member or employee, or his/her immediate family receives/will receive financial or organizational benefit due to employment/board affiliation). Immediate family is defined as spouse, registered domestic partner, child (including adopted or step), sibling, parent, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, and daughter-in-law.

Examples of conflicts of interest include, but are not limited to, situations in which a board member or employee:

1. Negotiates or approves a contract, purchase, or lease on behalf of the Organization and has a direct or indirect interest in, or receives personal benefit from, the entity or individual providing the goods and services;

2. Negotiates or approves a contract, sale, or lease on behalf of the Organization and has a direct or indirect interest in, or receives personal benefit from, the entity or individual receiving the goods or services;
3. Employs or approves the employment of, or supervises a person who is an immediate family member of the board member or employee;
4. Sells products or services in competition with the Organization
5. Uses the Organization's facilities, other assets, employees, or other resources for personal gain, or gain of another organization he/she represents;
6. Receives a substantial gift from a vendor, if the board member or employee is responsible for initiating or approving purchases from that vendor;
7. Receives special consideration from a Department of KCAO because he/she is an employee of the Organization.

### SECTION 3

#### **Disclosure Requirements**

Each board member and employee shall annually sign a statement which affirms 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. Complete and sign an annual conflict of interest disclosure statement

If at any time during the year, the information in the annual statement changes materially, the board member or employee shall disclose such changes and revise the annual disclosure form.

### SECTION 4

#### **Resolution of Conflicts of Interest**

If a board member believes that there is a potential conflict, that board member must notify the Board Chairman or designee. After addressing any questions asked by the Board of Directors, the board member must refrain from discussing the matter that involves the conflict, and refrain from casting a vote on the matter.

The Board of Directors shall be responsible for making all decisions concerning resolutions of the conflict involving individual board members and the Executive Director. The Executive Director or his/her designee shall be responsible for making all decisions concerning resolutions involving employees at or below the Senior Management level.

### SECTION 5

#### **Disciplinary Action for Violations of this Policy**

In Matters Involving the Board of Directors and the Executive Director:

- a.** If the Board of Directors has reasonable cause to believe a board member or Executive Director has failed to disclose actual or possible conflicts of interest, it shall inform the board member or Executive Director of the basis for such belief and afford the board member or Executive Director an opportunity to explain the alleged failure to disclose.
- b.** If, after hearing the board member's or Executive Director's response and after making further investigation as warranted by the circumstances, the Board of Directors determines the board member or Executive Director has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

In Matters Involving Employees:

- a.** If the Executive Director or his/her designee has reasonable cause to believe an employee has failed to disclose actual or possible conflicts of interest, he/she shall inform the employee of the basis for such belief and afford the employee an opportunity to explain the alleged failure to disclose.
- b.** If, after hearing the employee's response and after making further investigation as warranted by the circumstances, the Executive Director determines the employee has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Most concerns about conflicts of interest may be resolved and appropriately addressed through prompt and complete disclosure.

Approved by Board of Directors: 10-19-13