ANATOMY OF A

Conflict of Interest Policy

A CONFLICT OF INTEREST is a situation in which someone in a position of trust has a competing professional or personal interest.

Boards are composed of persons with varied interests --- thus conflicts may arise. By understanding conflicts and requiring disclosure, the board can protect its integrity and the organization's programs.

Effective in 2008, IRS Form 990 for exempt organizations asks, "Does the organization have a written conflict of interest policy?" Be sure to rely on legal and accounting counsel to develop the policy and disclosure form.

When facing a potential conflict, a director should disclose the conflict and seek a determination whether or not the board prefers that they be excused from any discussion or vote on the matter. Be sure the meeting minutes reflect the disclosure and determination.

Upon adoption of a conflict of interest policy, a disclosure form is distributed yearly by the nominating committee or at board orientation.

Disclosure is applicable throughout the year, not just at the signing of the document; it is a responsibility of each director.

Upon disclosure, the board chair, the board or a committee, will determine the course of action (such as recusal or simply recording the conflict in the meeting minutes.)

Directors sign the form and the organization keeps copies according to the record retention schedule.

Conflicts of Interest Policy & Disclosure Form

SCOPE

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FIDUCIARY RESPONSIBILITIES

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ANNUAL DISCLOSURE

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AGREEMENT

___ I have read and have no conflicts.

___ I have read and have noted the conflicts on the form.

Signature____________________ Date___________

Anatomy of a Conflict of Interest Disclosure
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