



Conflict of Interest Policy Overview

The Internal Revenue Service encourages the board of directors to adopt and regularly evaluate a written conflict of interest policy that requires directors and staff to act solely in the interests of the organization without regard for personal interests. This includes procedures to determine whether a relationship, financial interest, or business affiliation results in a conflict of interest. It should also detail a course of action in the event a conflict of interest is identified. On a periodic basis, Directors, trustees, officers and others covered by the policy should be required to disclose in writing any known financial interest that the individual, or a member of the individual's family, has in any business entity that transacts business with the organization. Organizations that file the Form 990 will find that specific sections of the form ask whether the organization has a written conflict of interest policy, and whether it regularly and consistently monitors and enforces compliance with the policy.

Conflict of Interest Policy

This conflict of interest policy governs the activities of the board and staff of Napa Emergency Women's Services (NEWS). Concerns about the policy should be directed to the Executive Director or Chair of the Board. It is the duty of all board members and staff to be aware of this policy, and to identify conflicts of interest and situations that may result in the appearance of a conflict and to disclose those situations/conflicts/or potential conflicts to (a) the employee's supervisor, (b) the Executive Director, (c) the Chair of the Board, or (d) the Compliance Officer, or other designated person as appropriate. This policy provides guidance for identifying conflicts, disclosing conflicts and procedures to be followed to assist our organization in managing conflicts of interest.

What is a conflict of interest?

A conflict of interest arises when a board member or staff member has a personal interest that conflicts with the interests of our organization, or arise in situations where a board/staff member has divided loyalties (also known as a "duality of interest"). The former can result in situations that lead to inappropriate financial gain to persons in authority, which can lead to financial penalties and violations of IRS regulations. Similarly, situations of transactions arising out of a conflict of interest can result in either inappropriate financial gain or the appearance of a lack of integrity in (*Organization's name*) decision-making process. Both results are damaging to our organization, and are to be avoided.

- ☑ *Example 1:* a person in a position of authority over the organization may benefit financially from a transaction between the organization and the board/staff member; or others closely associated with the board/staff member may be affected financially. Family members, or their businesses, or other persons or the businesses of persons with whom the board/staff member is closely associated, could benefit from similar transactions.
- ☑ *Example 2:* A conflict of interest could be a direct or indirect *financial interest* such as those described above, or a *personal interest* such as the situation where a board member of NEWS is also a board member of another nonprofit or for-profit entity in the community with which NEWS collaborates or conducts business.

Who might be affected by this policy?

Typically persons who are affected by a conflict of interest policy are the Organization's board members, officers, and senior staff. In some cases, a major donor could also be in a conflict situation. We take a broad view of conflicts and board/staff are urged to think of how a situation/transaction would appear to outside parties when identifying actual or potential conflicts of interest.

Disclosure of conflicts

Board members and senior staff will annually disclose and promptly update any disclosures previously made on an Annual Conflict Disclosures Questionnaire form provided by the organization. This disclosure form will request individuals to identify their interests that could give rise to conflicts or interest, such as a list of family members, substantial business or investment holdings, and other transactions or affiliations with businesses and other organizations or those of family members as well as other nonprofit organizations.

Board and staff are also urged to disclose conflicts as they arise as well as to disclose those situations that are evolving that may result in a conflict of interest. Advance disclosure must occur so that a determination may be made as to the appropriate plan of action to manage the conflict. Staff should disclose to their supervisor or Executive Director, and board members should disclose to the board or Chairperson of the board as soon as they are aware of an actual or potential conflict of interest.

Procedures to manage conflicts

For each interest disclosed, the full board, or the Executive Director or the Chairperson of the board, as appropriate, will determine whether the organization should (a) take no action, or (b) disclose the situation more broadly and invite discussion/resolution by the full board or what action to take, or (c) refrain from taking action and otherwise avoid the conflict. In most cases the broadest disclosure possible is advisable so that decision-makers can make informed decisions that are in the best interests of the organization.

- ☑ When the conflict involves a decision-maker, the person with the conflict must fully disclose the conflict to all other decision-makers, may not be involved in the decision of what action to take (e.g. may not participate in a vote) but may serve as a resource to provide other decision-makers with needed information.
- ☑ In some cases the person with the conflict may be asked to recuse him/herself from sensitive discussions so as not to unduly influence the discussion of the conflict.
- ☑ In all cases, decisions involving a conflict will be made only by disinterested persons.
- ☑ The fact that a conflict was managed and the outcome will be documented in the minutes of board meetings if the conflict was related to a board member, and reported by the Executive Director to the board/Chairperson of the board/other appropriate committee of the board (e.g. Audit Committee) if the conflict was related to a staff member.
- ☑ The Chairperson of the board/Executive Director will monitor proposed or ongoing transactions of the organization (e.g. contracts with vendors and collaborations with third parties) for conflicts of interest and disclose them to the Board and staff as appropriate, whether discovered before or after the transaction has occurred.