

# Peace & Justice Studies Association

## Conflict of Interest Policies and Procedures

### Overview

A conflict of interest exists when the personal or professional concerns of a board member or staff member affect his or her ability to put the welfare of the organization before personal benefit. Board members can be held legally liable for conflict of interest violations because they constitute a breach of their fiduciary responsibility.

Remedies for potential conflicts of interest include, but are not limited to the following:

1. **Full disclosure:** Board members and staff members in decision-making roles should make known their connections with groups doing business with the organization.
2. **Board member abstention:** Board members who have an actual or potential conflict of interest should not participate in discussions or vote on matters affecting transactions between the organization and their group.
3. **Staff member abstention:** Staff members who have an actual or potential conflict should not be substantially involved in decision making affecting such transactions.

The duty to avoid and remedy potential conflicts of interest derives from the general “duty of loyalty” owed to an organization by anyone with fiduciary obligations, including Board members, Staff members, and those designated by either to possess such obligations.

In general, the **Duty of Loyalty** includes but is not limited to the following:

- The interest of the organization takes precedence over personal/financial interests.
- Disclose potential conflicts of interest (COI).
- These especially include connections between Board and Staff members.
- Organizations must have a conflict of interest policy, per IRS mandate.
- The policy must include that actions will be taken if there is a COI violation.
- Employees should not have a vote on the board.
- Board action after discovering an undisclosed conflict must be documented.
- Board member's duty of loyalty lies with the organization, not with a special interest group or constituency they represent.
- Act in a manner consistent with the values and mission of the organization.

**The following policies and procedures apply to all Board, Staff, and designated members.**

## **Organizational Policies and Procedures**

### **Article I**

#### **Purpose**

The purpose of the conflict of interest policy is to protect the interests of the Peace & Justice Studies Association (hereafter, “the Organization”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest 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 applicable to nonprofit and charitable organizations.

### **Article II**

#### **Definitions**

##### **1. Interested Person**

Any director, principal officer, or member of a committee with PJSA board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

##### **2. Financial Interest**

A person has a financial interest if the 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, any 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. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest worth investigating if the PJSA Board Cochair, Ethics Chair or Ethics Committee determines that a conflict of interest may exist.

### **Article III**

#### **Procedures**

##### **1. Duty to Disclose**

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors or to the Ethics Chair and/or members of an Ethics Committee appointed by the Ethics Chair considering the proposed transaction or arrangement.

##### **2. 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, he/she shall leave the PJSA board or Ethics 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.

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

- a.** An interested person may make a presentation at the PJSA board or Ethics Committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b.** The cochair of the PJSA board or Ethics Chair shall, if appropriate, appoint an Ethics Committee to investigate alternatives to the proposed transaction or arrangement.
- c.** After exercising due diligence, the PJSA board or Ethics Committee shall determine whether PJSA 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 PJSA board or Ethics Committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in PJSA'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.

### **4. Violations of the Conflicts of Interest Policy**

- a.** If the PJSA board, Ethics Chair or Ethics Committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, they 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 PJSA board, Ethics Chair or Ethics Committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

## **Article IV**

### **Records of Proceedings**

The minutes of the PJSA board, the Ethics Committee, 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 PJSA board's or the Ethics 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.

## **Article V**

### **Compensation**

- a.** A voting member of the PJSA board who receives compensation, directly or indirectly, from PJSA 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 PJSA 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.

## **Article VI**

### **Annual Statements**

Each director, principal officer and member of the Ethics Committee with PJSA board delegated powers shall be provided with a statement which affirms that such person:

- a.** Has received a copy of the conflicts 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 which accomplish one or more of its tax-exempt purposes.

## **Article VII**

### **Periodic Reviews**

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 in an excess benefit transaction.

## **Article VIII**

### **Use of Outside Experts**

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the PJSA board of its responsibility for ensuring periodic reviews are conducted.

**This policy was approved by PJSA board of directors on 9/26/2010. This document (Conflict of Interest Policies and Procedures) will be provided to all Board and Staff members, and to other parties who may be impacted by the provisions herein.**