



Conflict of Interest

Status: Current
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ARTICLE I: PURPOSE

This conflict of interest policy is intended to protect the tax-exempt interests of Southeastern Libraries Cooperating, hereinafter referred to as SELCO. It is designed to help members of the SELCO Board of Directors, officers of the corporation and employees identify situations that present potential conflicts of interest. This policy also provides a procedure which allows a transaction to be treated as valid and binding even though a director, officer, or employee has or may have a conflict of interest with respect to the transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit organizations.

ARTICLE II: DEFINITIONS

1. **Interested Person:** A member of the SELCO Board of Directors, officer of the corporation, member of appropriate governing committees, and/or employee, who has direct or indirect financial interests.
2. **Financial Interest:** A person has financial interest if the person has, directly or indirectly, through business, investment or family, an ownership or investment interest in, a compensation arrangement with, or a potential ownership, or a investment interest in, or a compensation arrangement with any entity with which SELCO is negotiating or has 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 SELCO Board of Directors or appropriate governing committee decides that a conflict of interest exists.

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 SELCO Board of Directors or members of committees with governing board delegated powers 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, the individual shall leave the meeting while a determination of a conflict of interest is discussed and a vote taken.

Organizational Policies and Procedures

3. Procedures for Addressing the Conflict of Interest:

- a. An interested party may make a presentation to a governing board or committee meeting, but after the presentation, the individual shall leave the meeting during the discussion and vote.
- b. The SELCO Board President or chair of a committee with governing board delegated powers, shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the SELCO Board of Directors or appropriate governing committee shall determine whether SELCO 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, SELCO Board of Directors or appropriate governing committee shall determine by majority vote of the disinterested directors whether the transaction or arrangement is in SELCO'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. Violation of the Conflict of Interest Policy

- a. If the SELCO Board of Directors or appropriate governing committee has reasonable cause to believe a member of the SELCO Board of Directors, officer of the corporation or SELCO employee has failed to disclose actual or possible conflicts of interest, it shall inform the individual of the basis of such belief and afford the individual with an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the response and after making further investigations as warranted by the circumstances, the SELCO Board of Directors or appropriate governing committee determines there has been a failure to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

ARTICLE IV: RECORDS OF THE PROCEEDINGS

The minutes of the SELCO Board of Directors or appropriate governing committee 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 SELCO Board of Directors' or appropriate governing 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.

Organizational Policies and Procedures

ARTICLE V: COMPENSATION

A voting member of the SELCO Board of Directors, appropriate governing committee, or member of any committee whose jurisdiction includes compensation matters who receives compensation, directly or indirectly, from SELCO for services is precluded from voting on matters pertaining to that member's compensation.

ARTICLE VI: ANNUAL STATEMENTS

Each member of the SELCO Board of Directors, appropriate governing committee, or principal officer, including the Executive Director and Finance Manager, shall annually sign a statement that affirms that each person has:

- a. Received a copy of the Conflict of Interest policy, read, understands and complies with the policy; and
- b. Understands that SELCO is a nonprofit organization and in order to maintain its federal tax exemption must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

ARTICLE VII: PERIODIC REVIEW

To ensure SELCO operates in a manner consistent with its nonprofit 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 arrangement and benefits are reasonable based on competent survey information and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, arrangements with management organizations conform to SELCO's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further the SELCO mission and do not result in the impermissible private benefit or in an excess benefit transaction.

When conducting the periodic reviews, SELCO may, but need not, use outsider advisors. If outside experts are used, their use shall not relieve members of the SELCO Board of Directors, officers of the corporation, members of appropriate governing committees, or principal officers, including the Executive Director, of their responsibility for ensuring periodic reviews are conducted.

ARTICLE VIII: CONFIDENTIALITY

Members of the SELCO Board of Directors, officers of the corporation, members of appropriate governing committees, and/or employees shall exercise care not to disclose confidential information acquired in connection with such status or information the disclosure of which might be adverse to SELCO's interests.

Members of the SELCO Board of Directors, officers of the corporation, members of appropriate governing committees, and/or employees shall not disclose or use information relating to SELCO's business for the personal profit or advantage.



**Conflict of Interest Policy
Statement of Understanding**

Members of the SELCO Board of Directors, officers of the corporation, members of appropriate governing committees, or principal officers, including the Executive Director and Finance Manager, shall annually complete a disclosure form identifying any relationships, positions or circumstances in which the individual is involved that could contribute to a conflict of interest. Such relationships, positions or circumstances might include service as a director of, or consultant to, a nonprofit organization, or ownership of a business that might provide goods or services to SELCO. Any such information regarding business interests shall be treated as confidential and shall generally be made available only to the President of the SELCO Board of Directors, the Executive Director, and any committee appointed to address alleged conflicts of interest, except to the extent additional disclosure is necessary in connection with the implementation of this Policy.

Please describe below any relationships, positions, or circumstances in which you are involved that you believe could contribute to a conflict of interest, as defined in SELCO's Conflict of Interest Policy.

I hereby certify that the information set forth above is true and complete to the best of my knowledge. I have read, understand, and agree to abide by, the SELCO Conflict of Interest Policy that is currently in effect.

Signature: _____

Name (Printed): _____

Date: _____