

United Way of Northeastern Minnesota Conflict & Duality of Interest Policy

Introduction and Purpose

The United Way of Northeastern Minnesota and its Board of Directors consistently follow a policy of identifying and addressing any conflict of interest or the appearance of any conflict of interest on the part of its members and staff in the making of grant allocations and other matters. The proper governance of the United Way depends on the active participation of its Board, employees and volunteers who often donate their time and talents.

It is also recognized that Board members, committee members, employees and volunteers will serve in many capacities in the charitable community with agencies, institutions and programs which are United Way affiliated agencies. Such roles give rise to a dual interest, which is permissible and likely beneficial to both organizations. For purposes of this policy statement, such shall be defined to be a "duality of interest or involvement." Dual roles can be misconstrued and thus sensitivity to the issues involved is necessary to reduce or eliminate perceptions of favoritism.

The United Way is a nonprofit, tax-exempt organization. Maintenance of its tax-exempt status is important both for its continued financial stability and for public support. Therefore, the IRS as well as state regulatory and tax officials view the operations of the United Way as a public trust, which is subject to scrutiny by and accountable to such governmental authorities as well as to members of the public.

The Board, officers, and employees have the responsibility of administering the affairs of United Way honestly and prudently with an unbending duty of loyalty and fidelity. Such persons must exercise their best care, skill and judgment for the sole benefit of United Way. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with United Way or knowledge gained there from for their personal benefit. The interests of the organization must be the first priority in all decisions and actions.

General Provisions

The Board has established the following conflict of interest policy and has established appropriate procedures for implementation.

The Board policy regarding conflicts of interest and duality of involvement is as follows:

No employee of the United Way shall serve as a trustee, director, or officer of, or in any other official capacity with, any organization when such organization is a United Way affiliated agency.

A conflict can also exist where a person's dual positions compromise his or her objectivity in performing obligations of loyalty to either organization. Board directors, employees, volunteers or committee members who believe they have a conflict of interest shall fully disclose to the Board President or Executive Director such conflict during the consideration of a proposed allocation grant to any specific or to a select number of United Way agencies, any membership decision affecting a specific agency, or other matter implicating a potential conflict of interest., If such person serves on the Board or has a professional or other financial relationship with any person, corporation, agency or other organization having a financial interest in a Board decision, such person shall be disqualified from voting on the proposed matter. Such person may vote on decisions or actions that will affect all agencies or fund distribution policies. Such person shall not use his or her personal influence in the discussion of the matter. When the member's knowledge will assist the Board or Panel and when the Board or Panel requests such information, a person with a conflict or duality of interest may briefly answer pertinent questions.

No organization with which any member of the Board or his or her family members are a Board member, staff, significant financial supporter or active volunteer shall receive any special consideration, attributable to such a relationship, whatsoever by the Board, or by the staff, in any matter. The Board member shall disclose all such relationships.

A contract or other transaction between the United Way of Northeastern Minnesota and a Director is not void or void able because the Director is a party to the contract or because the Director is present at the meeting at which the contract or transaction is authorized, approved, or ratified, so long as the following conditions are satisfied:

- a. The material facts concerning the contract or transaction as they relate to the Director's conflict of interest must be fully disclosed, or must be known to the Board or committee authorizing, approving or ratifying the contract or transaction;

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- b. A competitive bid or comparable valuation exists, if appropriate and relevant to the contract or transaction implicated; and
- c. The Board or Panel authorizing, approving, or ratifying the contract or transaction must do so in good faith by a majority, not counting any vote that the interested Director might otherwise have, and not counting the Director in determining the presence of a quorum.

These conditions also apply to contracts or other transactions between United Way and a member of a Director's family or an organization in or of which the Director or a member of the Director's family is a director, officer, or legal representative, or has a material financial interest.

Confidentiality of Board proceedings are of the utmost importance, and discussions which occur at Board meetings, including but not limited to: (1) fund distribution policies, funding decisions, or other issues affecting an agency's relationship with United Way, (2) contracts, and (3) personnel matters, are to stay within and among the Board members without regard to their relationship with such agency or third person. A person who owes a duty to more than one organization should absent themselves from discussions involving, in any manner, the other organization to avoid the possibility of disadvantaging one organization and/or avoiding inappropriate disclosure. If decisions are made or discussions had by the United Way Board which potentially affect the agency or other third party with which the Board member, committee member, volunteer or employee is associated, that person shall not divulge that information to the agency prior to the United Way making the decision to do so.

Whenever a question or dispute as to whether a conflict of interest exists for a Board member, at the discretion of the Board President, or Vice President if the President is the Board member in question, the Board shall either determine the question by a vote of the members present at the meeting or shall refer the question to an ad hoc committee appointed by the Board chair or vice chair. The member whose interest is being determined has the opportunity to speak but shall not participate in either the vote or the committee.

Each Director's conflicts of interest will be disclosed and updated annually. A list of these conflicts of interest will be distributed to all directors.

Interpretation of Terms and Policy

The areas of conflicting interest listed in the "definitions" section below, as well as generally described in the preceding paragraphs, are not exhaustive. Conflicts might arise in other areas or through other relations. It is assumed that the directors, officers, and employees will recognize such areas and relations by analogy.

The fact that one of the interests defined in this policy exists does not necessarily mean that a conflict exists, or that the conflict, if it exists, is material enough to be of practical importance, or if material, that upon full disclosure of all relevant facts and circumstances it is necessarily adverse to the interests of the United Way.

However, it is the policy of the board that the existence of any of the conflicts of interest defined in this policy shall be disclosed before any transaction is consummated. It shall be the continuing responsibility of the board, officers, and management employees to scrutinize their transactions and outside business interests and relationships for potential conflicts and to immediately make such disclosures.

Disclosure

For the purpose of carrying out this policy, the United Way will periodically distribute to all members of the Board, the Allocation Committees and staff, a questionnaire concerning such organizations with which each person and/or family members is, or has been within the prior two years, a trustee, director, significant financial supporter, active volunteer, current consumer of its services or staff member. On the basis of these questionnaires, staff will identify any affiliation whenever such organizations are considered for a possible allocation grant or other matter. This, however, does not release a Board member, Fund Distribution Committee member and employee of the responsibility to inform the Executive Director, Board President or Fund Distribution Committee of any conflicting roles or dual roles they may have if not otherwise disclosed.

Definition of Terms (for the purposes of this policy)

conflict of interest

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1. A situation where a person or member of the person's family holds a trustee or directorship, is a significant financial supporter, active volunteer, current consumer of its services, or is a staff member in an agency or organization or is offering goods and/or services to the United Way;
2. Serves on the Board or committees of the United Way or is a staff member; and
3. Is in a position where the person's action in one capacity can or would serve to benefit one organization to the disadvantage of the other.

A conflict can also exist where a person's dual positions compromise his or her objectivity in performing obligations of loyalty to either organization. For example, such a conflict may arise through:

- Owning stock, or holding debt, or other proprietary interests in any third party dealing with United Way;
- Holding office, serving on the board, participating in management, or being otherwise employed (or formerly employed) with any third party dealing with the United Way;
- Receiving remuneration for services with respect to individual transactions involving the United Way;
- Using the United Way's time, personnel, equipment, supplies, or good will for other than the United Way-approved activities, programs, and purposes; and/or
- Receiving personal gifts or loans from third parties dealing or competing with the United Way. Receipt of any gift is disapproved except gifts of a value less than \$50, which could not be refused without discourtesy. No personal gift of money should ever be accepted.

family member

spouse, parent, child, spouse of a child, brother, sister, or spouse of a brother or sister

significant financial supporter

one who contributes more than one-tenth of one percent (1/10 of 1%) of the organization's current or last three-year's budget

active volunteer

one who shows an interest in an organization by regularly volunteering more than an average of five (5) hours per month to the organization

affiliated agency

any agency having a current agreement between itself and United Way of Northeastern Minnesota, signed by both entities

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Directors, committee members and volunteers, as well as employees, enter into a special relationship with both the United Way and its affiliated agencies. The quality of this relationship requires protection against possible conflicts and dualities of interest, or the appearance of conflict of interest or dualities.

Directors, committee members and volunteers, as well as employees, are required to disclose any United Way agency affiliations and other potential conflicts of interest annually, or as the potential conflict becomes known. This disclosure is to include current conflicts as well as those within the prior two years. Please refer to the attached "Definition of Terms" when filling out this form. A listing of United Way agencies is also attached.

I. United Way agencies on which I or a member of my family serves as a director, trustee, or have a professional (including past or current staff member) or other financial relationship *(These must be disclosed; you may not participate in discussion related to such agencies, except as stipulated in the attached policy, and you may not vote on matters related to these named agencies):*

II. United Way agencies of which I or a family member are a "Significant financial supporter" or "active volunteer" *(These must be disclosed; you may still participate in discussion about and vote on matters related to these agencies):*

III. Have you or a family member provided services or goods for which you received remuneration goods to the United Way in the past year? If so, please describe the nature of services or goods provided.

IV. Please indicate whether you or a family member had any direct or indirect interest in any business transaction(s) in the past year to which the United Way was or is a party? If so, please describe the transaction.

V. Are you aware of any other events, transactions, arrangements or other situations that have occurred or may occur in the future that you believe should be examined by the United Way's Board in accordance with the terms and intent of the United Way's conflict of interest policy? If yes, please describe the situation(s).

I HEREBY CONFIRM that I have read and understand the United Way's conflict of interest policy and that my responses to the above questions are complete and correct to the best of my information and belief. I agree that if I become aware of any information that might indicate that this disclosure is inaccurate or that I have not complied with this policy, I will notify the Board chair or Executive Director immediately.

Signature _____ **Date** _____

Name (please print) _____

Mail Completed form to: United Way of Northeastern Minnesota
608 East Drive
Chisholm, MN 55719

or Scan to: erin@unitedwaynemn.org