

Appendix 34: Conflict of Interest and Disclosure Policy

Purpose

The purpose of this conflict of interest policy is to protect the Diocese of Bismarck and all its entities' interest when it is contemplating entering into a transaction or arrangement that might also benefit the interest of private individuals. As advisors, employees and volunteers, we are called to be good stewards and maintain high ethical standards. This policy is intended to set forth standards, for behavior and disclosure, to avoid potential conflicts of interest that could, in fact or in appearance, compromise the objectivity that is essential for effective decision-making and damage the reputation of the individuals involved and the diocese.

Introduction

Non-profit charitable, religious, and educational organizations obtain their tax exempt status under the theory that they perform valuable services for society and lessen the burdens of government. If a tax-exempt organization allows its money or other property to be used for private rather than public gain (i.e. for "private inurement" or "private benefit"), then it risks losing its exemption. The diocese has developed this policy in light of IRS restrictions and, more importantly, in order to assist the diocese in fulfilling its responsibilities to act as a "stewardship diocese, one that witnesses to the importance of transparency and accountability- in its decision-making, in its development and use of resources, and in all its financial affairs".

Conflicts of Interest

A conflict of interest can exist when persons employed by the diocese and those volunteers or advisors of the diocese holding trusteeships or other governance authority, or those serving on advisory or consultative boards or committees have a direct or indirect financial interest, as defined below. A conflict of interest refers to a situation in which financial or personal considerations may compromise or have the appearance of compromising the judgment and objectivity of an individual.

Types of Conflicts of Interest

A person has a "financial interest" or potential conflict of interest if the person has, directly or indirectly, through business, investment or family (including spouses; siblings, their spouses; parents, grandparents; children, grandchildren, their spouses) any one of the following:

- a. Any business, investment, or ownership interest in any entity with which the diocese has any transactions, arrangements or associations. This includes potential interests with which the diocese or its entities may be negotiating.
- b. Any compensation arrangements with any entity or individual with whom the diocese or its entities has, (or is negotiating) any arrangement, association, or relationship, including but not limited to, vendors, parishes, other institutions of the Diocese of Bismarck, other dioceses and their related entities. This includes potential arrangements and arrangements the diocese may be negotiating. Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

- c. Any gifts, payments, or favors either directly or indirectly, from any individual or organization which is conducting or soliciting business with the diocese. The term “indirect” includes the offering or acceptance of gifts, payments, and favors by a relative, a person acting on behalf of the employee, or volunteer, or a business entity in which the employee or volunteer has an interest. (This policy does not preclude the offering or accepting of Christmas remembrances, thank-you gifts, business meals, or occasional gifts of nominal value, the sum total of which may not exceed fifty (\$50) from any organization in a year).
- d. Employees, advisors, and volunteers often become aware of confidential information concerning diocesan matters, other employees or volunteers, and persons who are served by the various programs of the diocese. Such information should be kept private and should not be used for personal gain or in a manner that would harm the diocese or individual involved.
- e. Concerning relatives in an employment or vendor relationship: in order to retain the objectivity that is essential for effective decision-making, and establishment of reasonable rates of reimbursement for time or labor, relatives are not to hire or supervise one another or check, review, and or process work of one another. Any exceptions to this policy require prior approval of the applicable board, or committee.

Duty to Disclose

In connection with any actual or possible conflict of interest, as defined above, an interested person must disclose the existence and nature of his or her financial interest or potential conflict of interest and all material facts. Annually or as situations arise, employees must disclose to the diocesan corporate board, volunteers, and advisors to their applicable board or committee. Disclosure must follow the format and instructions per the attached Disclosure Statement.

Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest or potential conflict of interest, and all the material facts, and, if needed, after discussions with the interested person(s), a determination of a conflict of interest will be made by the applicable board or committee following the procedures noted below. Disclosure statements not determined to have any conflict of interest will be kept with the official records of the board or committee and where applicable, a copy in employees’ files.

Procedures for Addressing the Conflict of Interest

After disclosure using the Disclosure Statement and a determination of a conflict of interest has been made:

- a. An interested person may, at the request of the applicable board or committee, make a presentation at the applicable meeting; but after such presentation, he or she shall leave the meeting during the discussion of, and vote on, the transaction or arrangement that results in the conflict of interest.

- b. The chairperson of the board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the board or committee shall determine whether the organization can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that will not give rise to a conflict of interest.
- d. If a more advantageous transaction arrangement is not reasonably obtainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested board or committee members whether the transaction or arrangement is in the organization's best interest and for its own benefit and whether the transaction is fair and reasonable to the organization, and it shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

Subsequent Conflicts and Disclosures

Notwithstanding previous disclosure of actual or potential conflicts of interest, an individual shall make a new disclosure of conflicts when any matter involving the conflict of interest arises for discussion or action. In the event that an individual is uncertain whether an actual or potential conflict of interest exists, the individual should make disclosure of the circumstances that may give rise to an actual or potential conflict.

Violation of the Conflict of Interest Policy

- a. If the board or committee has reasonable cause to believe that an interested person has failed to disclose actual or possible conflicts of interest, it shall inform the individual of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the response of the person and making such further investigation as may be warranted under the circumstances, the board or committee determines that the individual has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

**Diocese of Bismarck/Parish
Conflict of Interest Disclosure Statement**

I have received a copy of the Conflict of Interest and Disclosure Policy of the Diocese of Bismarck. I have read and understand the policy, and I agree to follow the policy's directives and procedures.

I understand the Diocese of Bismarck/Parish is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Disclosure of Possible Conflict of Interest

Please check one:

_____ I have no known actual or potential conflicts of interest at this time.

_____ Below is a description of an actual or potential conflict of interest. Please include as much information as possible and attach a separate sheet, if necessary.

(Name)

(Date)