

The Rochdale Early Advantage Charter School's Conflict of Interest Policy

8.3 Conflict of Interest

Internal Control Objectives

To maintain compliance with Sarbanes Oxley Act and ensure Board members and employees disclose potential conflicts of interest that may impact the execution of their duties.

Policies and Controls:

1. Trustees and officers of *REACS* owe a duty of loyalty to *REACS* which requires that they act in the interest of *REACS* and not in their personal interest.¹
2. *REACS* has adopted a conflict of interest policy to ensure that:
 - a. Any agency transaction with interested parties is fully disclosed
 - b. All transactions with interested parties are reviewed by the *Executive* Committee to determine that they are fair and will benefit *REACS* and not the interested party.
 - c. Interested parties who have an actual or potential conflict of interest will not participate in decisions or discussions affecting that interest and *REACS*.
3. *REACS* will review this policy on an annual basis. The Chair will report to the Board of Trustees that all disclosure forms have been completed and whether any potential conflicts have been disclosed.

Procedures to Implement these Policies

Disclosure

1. Board Members
 - All current Board members are required to complete the Disclosure Statement on an annual basis. (e.g., at the time of the annual meeting)
 - All individuals proposed for Board membership shall complete a Disclosure Statement prior to their election.
 - If at any time a Trustee acquires an interest in a matter that might pose a conflict, he or she shall promptly disclose such interest in writing to the Chair of the Board
 - When any matter in which a Trustee has an interest comes before the Board or a committee of the Board, the interest shall be immediately disclosed to the Board or *Executive* Committee by the Trustee who has the interest.
 - Failure by a Board member to complete an annual disclosure may be cause for removal from the Board of Trustees.

Employees

1. All employees in the following positions are also required to complete a disclosure form upon hire and annually thereafter
 - *Principal*
 - *Business and Operations Manager*
 2. Any other employee in a position to recommend or decide on a contract or purchase in excess of \$100,000s required to disclose any interest he or she may have in the transaction.
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Definition of "Interest"

1. Financial interest²: A Trustee or employee, or a close relative of a Trustee or employee, or a concern, with which they are associated, has a significant economic interest, either directly or indirectly, in a decision before the Board or a Committee.
2. Conflicting Loyalties, Roles & Relationships³: These relationships may create conflicts of interest without a financial interest
 - A Trustee or employee who serves on two or more Boards at the same time may have a conflict if a major transaction (significant grant, joint venture, and merger) were to affect both organizations.
 - A Trustee or employee who plays more than one role with respect to REACS, e.g. providing professional services even at a reduced fee, may find it difficult to provide disinterested advice

Abstention from Discussion and Voting

1. No Trustee shall vote on a matter in which s/he has an interest
2. Board members shall not attempt to influence other Trustees regarding matters in which they have an interest without first disclosing that interest.
3. The Board or members of a committee may, by majority vote, ask a Trustee with an interest in a matter to
 - Not participate in the discussion, or
 - Leave the room in which the discussion is taking place.
4. The affected Board member may participate in the discussion regarding his or her exclusion.
5. The decisions above will be documented in the summary of the meeting.
6. Employees who have an actual or potential conflict shall not be substantively involved in decision making

Interested Party Transactions

1. If a transaction is proposed for approval in which a Trustee or employee or close relative is a potential vendor, the Board or Executive Committee shall review the transaction and shall recommend whether or not to execute it.
2. It is the organization's policy that transactions and/or business relationships with interested parties are NOT permissible. If the Board determines that a service or other transaction is specialized such that it can only be provided by the interested party, the Board member with the interest would be required to give up their position on the Board.
3. The following factors will be considered in making the decision⁴:
 - "Arms-length" procedures established by REACS
 - Size of the transaction relative to total expenses
 - The existence of competitive bidding procedures
 - Whether the transaction is one-time, recurring, or ongoing.

Disclosure Statement - following page

² "Good Governance: Conflict of Interest Policies, " published by the Nonprofit Coordinating Committee of NY on the Internet at [www.npcny.org/members only/goi44.htm](http://www.npcny.org/members%20only/goi44.htm)

³ Board Source, "Conflicts of Interest," as published on the Internet at <http://www.boardsource.org/Knowledge.asp?ID=1.993>

Sample Conflict of Interest Disclosure Statement

I, _____ have read the Conflict of Interest Policy of REACS. To the best of my knowledge, except as disclosed on this statement, I do not have an Interest, as defined in the policy, requiring disclosure under the policy.

Without Exception

Except as described below

Further, to the best of my knowledge, I do not intend to acquire an Interest, except as disclosed, as defined in the policy.

Without Exception

Except as described below

If any situation should arise in the future which may involve me in a conflict of interest, I will promptly disclose the conflict in writing to the Chair of the Board or the Executive Committee.

Financial Interests: Self Family Other

Other Affiliations: Self Family Other

Signed: _____

Date: _____

Print Name: _____