

**Policy #: 40-16**

**Date:**

**Policy and Procedure: Conflict of Interest and Fiduciary Duties**

**Purpose:** To ensure professional integrity while serving on the Board of CMSNE.

In order to ensure compliance with applicable laws and to protect the local chapter and its officers, directors and committee members (jointly referred to in policy as “CMSNE Persons”) from potential legal problems regarding conflicts of interest and violation of fiduciary obligations to CMSNE, CMSNE endorses and adopts the following statement of policy:

**I. Duty of Loyalty**

Among the fiduciary obligations of an officer, director or committee member of a nonprofit corporation is a duty of loyalty to the nonprofit corporation. This includes supporting, and not opposing directly or indirectly or taking any other stance against, the policies and positions duly adopted by the chapter’s Board of Directors. As representatives of the local chapter, CMSNE Persons are obligated to maintain this duty of loyalty in all manner of activities during their terms of office. This duty of loyalty is not intended to, nor should it, discourage debate within board or committee meetings. Such debate is encouraged and is part of the individual’s responsibility in the deliberative process.

**II. Conflicts of Interest**

Another fiduciary obligation of a nonprofit corporation officer, director and committee member is to avoid "conflicts of interest". A "conflict of interest" is generally defined as a transaction or relationship in which, because the individual is, either directly or indirectly, a party to the transaction or possible beneficiary of the transaction, there is or may be a conflict between the individual's fiduciary obligations to the nonprofit corporation and the individual's personal or business interests. All board members are to avoid any appearance of impropriety in connection with a conflict of interest and to refrain from entering into an agreement or contract with companies, individuals or other entities that could be construed to be a conflict of interest.

To avoid potential conflict of interest problems, CMSNE implements the following procedures:

Each chapter Board Member shall submit an annual disclosure statement listing all organizations which will, or may be reasonably expected to, engage in business transactions (other than payment of dues or grants) with CMSNE, and in which such the chapter Board Member or a Family Member has a Material Financial Interest or in which the Board Member or a Family Member acts as a director, consultant, partner, trustee, officer, member of the executive committee or employee. Additional disclosures are required as necessitated by new potential conflicts of interest, shall be submitted to the chapter’s Executive Director or President. A Board Member or Family Member has a Material Financial Interest in an organization if he or she (i) owns, directly or indirectly, more than 5% of the organization’s equity interest, (ii) is owed money by the organization in excess of 5% of the organization’s overall indebtedness or in excess of 2% of the CMSNE Person or Family Member’s net worth, or (iii) receives compensation from the Entity in excess of 2% of the income of the Board Member or Family Member.

In advance of any decision or action to be considered by the Board of Directors, each Board Member shall disclose any potential conflicts of interest relating to such decision or action. Further, the Executive Director or President of the local chapter may also notify such Board Member that a potential conflict of interest may

exist based on the information submitted on their disclosure statement or otherwise known to the Executive Director or President of CMSNE local chapter.

Any potential conflict of interest shall be reviewed by the officers of the CMSNE chapter together with the Executive Director or President and, a staff person at the National Office. If necessary, legal counsel may need to be sought. After such review, one of the following determinations shall be made: 1) No conflict of interest exists relative to the proposed decision or action and the Board Member is able to participate in the discussion and vote regarding such decision or action; or 2) An actual or potential conflict of interest may exist and therefore the Board Member shall refrain from any discussion and vote regarding such decision or action. (The interested individual's presence at the meeting may be counted in determining whether a quorum of the board or committee is present, but that individual shall not vote on the decision or action).

After receiving such disclosure, prior to approving the transaction, the chapter board or chapter committee must conclude that the transaction is "fair to CMSNE" and must approve the transaction without the participation or the vote of the interested individual.

### **III. Fiduciary Obligations as to CMSNE Opportunities**

Finally, another fiduciary obligation prohibits an officer or director of a nonprofit corporation from seizing a "corporate opportunity" for his or her company's benefit or his or her personal benefit or for the benefit of another entity. This means that such an individual may not take advantage of a business opportunity in which the officer or director knows CMSNE has a genuine interest and where such an opportunity would be consistent with CMSNE's purposes, mission and goals as a not for profit corporation. Further, if the officer or director becomes aware of such an opportunity, he or she is obliged to inform CMSNE and allow CMSNE to act first.

### **IV. Participation in Deliberations and Actions**

In any case in which there is a question of loyalty, conflict of interest, or corporate opportunity raised, the officer or director shall not participate in the meeting for the entire time the matter is discussed and voted upon.

NOTE: This Policy shall, upon adoption by the chapter Board of Directors, become immediately effective and shall thereafter be distributed to each officer and director. Each shall acknowledge receipt of the Policy, on a form which also contains a statement that the officer or director will comply with the Policy and is currently unaware of any transaction in which he or she is involved which would constitute a conflict of interest as defined, and that should such a transaction arise, the officer or director will notify the Board or committee of the circumstances and act in accord with the Policy with respect to that transaction.

### **VI. Violation of Policies**

Board members acknowledge that a violation of any of these policies would cause harm to CMSNE and frustrate board deliberations. Therefore, any board member who violates this policy shall be subject to removal pursuant to the chapter Bylaws.

### **VII. Covenant**

CMSNE Chapter Board of Director's Covenant (attached) shall be completed annually at the beginning of each elected term of office in conjunction with the CMSNE Board of Directors Member Agreement.



Signed off: \_\_\_\_\_  
Jenny Quigley Stickney, President 2015-2017

Date: 1/11/17

## CMSNE CHAPTER BOARD OF DIRECTORS' COVENANT

- I agree that in view of my service as an Officer of CMSNE local chapter, I will disclose any actual or potential conflict of interest or any situation that might give the appearance of a conflict of interest. This includes both my personal and professional work and my volunteer involvement outside of my volunteer role for CMSNE.
- Upon request of CMSNE President (and in the President's case, the CMSNE President-Elect or Immediate Past-President [as applicable]), I will submit a written statement disclosing my business or financial transactions undertaken since the beginning of the preceding calendar year (or at any other time is relevant) that I, any member of my family, or a significant other may have had with CMSNE or any group or individual doing business with CMSNE or its contractors.
- I further agree that I will not take part in discussions on nor vote on any matter in which I, members of my family, or any significant others have a business or financial interest or in any situation in which the CMSNE Board has determined that an actual or potential conflict of interest exists.
- I also agree that no part of the assets of CMSNE shall inure, directly or indirectly, to my benefit, except to the extent I have performed services or for which I am entitled to reimbursement for expenses I have incurred on behalf of CMSNE or as otherwise authorized by CMSNE.
- I recognize that any conflict of interest statement that may be required, as described above, is essential to the business operations of CMSNE and, if requested, would constitute an essential part of this covenant.
- I shall keep confidential any and all information relating to discussions at Board meetings unless compelled by legal process to disclose such information, or as otherwise agreed by the Board. I understand that while I may discuss actions adopted by the Board, disclosing any information concerning the discussion of such items during the Board meeting is prohibited.
- I agree to abide by the CMSNE Board of Directors Policy Statement concerning Fiduciary Duties, Confidentiality and Conflict of Interest. I understand that my failure to abide by any aspect of the Policy Statement shall cause my directorship to be subject to removal pursuant the CMSNE Chapter Bylaws.

Signature

Date

Print Name

Telephone

Address

City/State/Zip

E-Mail

## CMSNE BOARD OF DIRECTORS MEMBER AGREEMENT

I, \_\_\_\_\_ understand that as a member of the CMSNE Board of Directors, I have a legal and moral responsibility to ensure that the organization does the best work possible in pursuit of its goals. I believe in the purpose and the mission of the organization, and I will act responsibly and prudently as its steward.

As part of my responsibilities as a board member:

1. I will interpret the organization's work and values to the community, represent the organization, and act as a spokesperson.
2. I will attend at least 75% of board meetings, committee meetings, and special events. Unless prior notice of nonattendance is provided to President of the Board or Executive Director.
3. I will act in the best interests of the organization, and excuse myself from discussions and votes where I have a conflict of interest.
4. I will stay informed about what's going on in the organization and the industry and field in which we are working. I will ask questions and request information. I will participate in and take responsibility for making decisions on issues, policies and other board matters.
5. I will work in good faith with staff and other board members as partners towards achievement of our goals.
6. If I don't fulfill these commitments to the organization, I will expect the board President to call me and discuss my responsibilities with me.

In turn, the organization will be responsible to me in several ways:

1. I will be sent, upon request, financial and project progress reports and an update of organizational activities that allow me to remain informed of chapter activities.
2. Opportunities will be offered to me to discuss with the executive director and the board president the organization's programs, goals, activities, and status; additionally, I can request such opportunities.
3. The organization will help me perform my duties by keeping me informed about issues in the industry and field in which we are working, and by offering me opportunities for professional development as a board member.
4. Board members and staff will respond in a straightforward fashion to questions I have that I feel are necessary to carry out my fiscal, legal and moral responsibilities to this organization. Board members and staff will work in good faith with me towards achievement of our goals.
5. If the organization does not fulfill its commitments to me, I can call on the board president and executive director to discuss these responsibilities.

Signed:

\_\_\_\_\_  
Member, CMSNE Board of Directors

Date: \_\_\_\_\_

\_\_\_\_\_  
President, CMSNE Board of Directors

Date: \_\_\_\_\_