

# Diocese of Central Florida

## Policy for Conflicts of Interest

### I. Overview

The Diocese of Central Florida (Diocese), congregations and related institutions seek to function and conduct business on an ethical basis. Preserving trust is helped by identifying certain behaviors, relationships and personal interests that might influence or raise doubts as to the impartiality of decisions and the independence of the parties involved.

The purpose of this Policy for Conflicts of Interest is to provide the Diocese with parameters for trustworthy and transparent actions so that Board members, committee members and employees understand acceptable standards of operation and when to seek further clarification. This approach is to protect the interests of the Diocese and all parties when considering entering into transactions or arrangements that might benefit the private interest of a person connected with the Diocese or a relative or partner. Being fair, objective and reasonable are part of Diocesan culture.

This policy defines some of the situations and/or circumstances that may be considered an actual or possible conflict of interest requiring action and the process for resolution.

Please note:

- It is not designed to eliminate relationships and activities that may create a duality of interest. However, it requires the disclosure of any potential conflict, that it be ethically assessed, outlines the process and permits the recusal of the person from related decisions.
- It is intended to supplement, but not replace any applicable state and federal laws governing conflicts of interest related to nonprofit and charitable organizations.

Volunteers and employees need to feel a commitment to the Diocese and act accordingly in fulfilling responsibilities and duties. The wellbeing of the Diocese must remain the primary concern in decisions and recommendations. Care must be taken when individuals influence decisions of the Board, committees and staff. No one should use a position at the Diocese or information gathered there for personal gain. For Board members, senior staff members involved in management, and committee members with Board-delegated powers, a fiduciary role exists that carries a higher level of responsibility with decisions.

### II. Identifying Situations

#### A. Definitions

1. A **Conflict of Interest** is defined as an interest that might affect or might reasonably appear to affect the judgment or conduct of any Board or committee member or employee in a manner that is potentially adverse to the interests of the Diocese.
2. An “**Affiliated Person**” includes a Board member, committee member, employee or family member, including a domestic partner.
3. An issue of **Conflict of Interest** arises when an affiliated person has a financial or personal interest that conflicts with Diocesan interests or has a duality of interest.

If a Board member, senior staff involved in governance, or committee member with Board-delegated powers is involved, the situation can result in inappropriate financial gain to persons in authority at the Diocese. This can lead to financial penalties and violations of IRS regulations. Similarly, situations or transactions arising out of a conflict of interest can result in either inappropriate financial gain or the appearance of a lack of integrity with the Diocesan decision-making process.

## **B. A few specific examples of conflicts of interest that require disclosure and discussion**

1. An affiliated person is party to a contract or involved in a transaction with the Diocese for goods or services.
2. An affiliated person has a material financial interest in a transaction between the Diocese and an entity of which the affiliated person is a director, officer, partner, member, shareholder, associate, employee, trustee, personal representative, receiver, guardian, custodian or other legal representative;
3. An affiliated person is engaged in some capacity with or has a material financial interest in a business or nonprofit enterprise that competes with the Diocese. A financial interest is not necessarily a conflict of interest. Under the following section, “Addressing a Conflict of Interest,” a person who has a financial interest may not have a conflict if the Board evaluates and determines that a conflict of interest does not exist.
4. An affiliated person has a past or present relationship with a business or nonprofit enterprise, consultant or professional, that is under consideration for a contract with the Diocese.
5. A Board member is engaged in a personal relationship with a staff member, whether by marriage, blood, adoption or domestic partnership.
6. An affiliated person receives gifts valued more than \$50 that are not shared with the larger group or receives cash of any amount from a third party on the basis of the Diocesan position.
7. An affiliated person receives remuneration or other financial gain from a transaction of any amount involving the Diocese.

## **III. Protocols**

### **A. Duty to Disclose and First Step**

**In connection with any actual or possible conflict of interest, every Board member, committee member and employee must complete the Conflicts-of-Interest Form and disclose the existence of a financial or personal conflict of interest upon appointment or employment and annually thereafter.** For the annual update, the usual time is early in the calendar or fiscal year and frequently at the year’s first Board or committee meeting of each year.

1. Every person must openly acknowledge a potential, real or perceived, conflict of interest and manage such a conflict by refraining from discussions, decision making and voting on related matters.
2. If any Board member, committee member or employee needs to acknowledge a new, unrecognized or forgotten potential conflict of interest at any time, he or she should do the following:

- a. Board members and committee members should notify the Canon to the Ordinary (Canon) in writing by email and copy the Bishop as soon as possible. Request an appointment with the Canon.
  - b. Employees should notify the Canon in writing by email as soon as possible. Request an appointment with the Canon.
3. If any Board member, committee member or employee believes that a conflict of interest may exist for another Board member, committee member or employee, the disclosing person should do the following:
- a. If either the disclosing person or the person with the potential conflict is a Board member or committee member, the disclosing person should notify the Canon in writing by email and copy the Bishop as soon as possible. The disclosing person should request an appointment with the Canon or the Executive Committee (EC).
  - b. If both people involved are employees, the disclosing person should notify the Canon in writing by email as soon as possible. The disclosing person should request an appointment with the Canon.

## **B. Determining if a Conflict of Interest Exists**

### **1. Disclosing your own possible conflict**

- a. For the determination process following the initial email, the disclosing person is given the opportunity to discuss all material facts in person and in writing with the Canon or may request the same opportunity with the EC. If working with the EC, the person should leave after presenting and answering questions. The Canon or the EC may decide if the situation appears material or minor. The Canon or EC then provides written findings with recommendations for its determination to the Board where the Bishop serves as Board chair.
- b. At the Board meeting the person may submit a written statement and speak as allowed by the rules of order for the meeting. If requested by the Board, the person should be available to respond to any related questions. Without the involved person in the room, the Board shall consider the matter and make a determination as to the existence of a conflict of interest. The Board has the final say when determining whether a conflict-of-interest situation exists and to what extent.

### **2. Disclosing another person's possible conflict**

- a. For the determination process following the initial email, the disclosing person is given the opportunity to discuss all material facts in person and in writing with the Canon or can request the same opportunity with the EC. If working with the EC, the disclosing person should leave after presenting. The Canon or the EC may decide if the situation appears material or minor. The Canon or EC may decide how to follow up with the person with the possible conflict and, if needed, make contact for further clarification.
- b. The person with the possible conflict situation is given the opportunity to discuss all material facts in person and in writing with the Canon or the EC, if involved. If applicable, the person should leave the EC after presenting. The Canon or EC then provides written findings with recommendations for its determination to the Board where the Bishop serves as Board chair.
- c. At the Board meeting the Canon or EC should present a summary from the disclosing person. The person with the possible conflict may submit a written statement, speak as allowed by the rules of order for the meeting and should be available to respond to any related questions from the Board. Without the potential conflict person in the room, the Board shall consider the matter, make

a determination as to the existence of a conflict of interest and the extent of the conflict. The Board has the final say when determining whether a conflict-of-interest situation exists and to what extent.

### **C. Addressing the Conflict of Interest**

1. Once the Board determines that a conflict of interest exists, the Board shall consider all relevant information and decide how to best handle the matter as quickly as possible. The related discussion and vote may take place at a regularly scheduled Board meeting or at a special Board meeting called for this purpose.
2. In the instance of a financial conflict of interest with a sale or purchase of property, the Board shall determine whether the Diocese 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. If this is not reasonably possible, the Board shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Diocese's best interests and whether it is fair and reasonable. With the consent of the Board, the Board chair may have or appoint a member or committee to propose alternatives to the proposed transaction or arrangement. Along with the above determination, the Board shall make its decision as to whether or not to proceed with the transaction or arrangement.
3. In the instance of a relationship or financial conflict of interest involving a Board member, the member shall recuse from all related discussions and decision-making matters. If the conflict would greatly interfere with the member's ability to participate in decision making, the conflict-of-interest member may be asked by a majority vote of the Board to resign from the Board.
4. The person experiencing the conflict and, if applicable, the person bringing the situation to light should be promptly notified of the Board's decision.

### **D. Violations of the Conflicts of Interest Policy**

1. After hearing the involved person's response and after making further investigation as warranted by the circumstances, the Board may determine that a Board member, committee member or employee has knowingly failed to disclose an adverse financial or personal interest.
2. The Board shall confirm or determine by majority vote of its disinterested directors, any appropriate corrective action for a Board or committee member.
3. The Canon shall handle any appropriate corrective action for employees.

### **E. Records of Proceedings**

1. The meeting minutes of the Board or EC or notes from meeting with the Canon shall contain the following elements:
  - a. The names of persons who disclosed the potential conflict as well as those persons who were involved with the actual or possible conflict of interest;
  - b. The nature of the conflict;
  - c. Any action taken to determine whether a conflict was present;
  - d. The decision as to whether a conflict in fact existed;
  - e. If the incident was material or minor;
  - f. The outcome of the process including how resolved and any corrective actions;

- g. The names of persons present for conflict-of-interest discussions and votes relating to the transaction or arrangement;
- h. The content of the discussion including alternatives to the proposed transaction or arrangement; and
- i. A record of any votes taken in connection with the proceedings.

2. These records of proceedings shall be retained by the Diocese. Records of more serious situations shall be retained at least seven years.

## **F. Confidentiality**

Situations involving actual or possible conflicts of interest are usually best handled confidentially. Board members, committee members and staff agree to maintain confidentiality as part of this Conflict of Interest Policy.

## **G. Compensation**

A voting member of the Diocesan Board or a volunteer committee member shall not be eligible for financial compensation or remuneration from the Diocese of any kind other than the reimbursement of expenses incurred on its behalf.

## **H. Periodic Reviews**

1. To ensure the Diocese operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews may be conducted. The periodic reviews, at a minimum, shall include the following subjects:

- a. Whether staff compensation arrangements are reasonable and based on competent survey information;
- b. Whether partnerships, joint ventures and arrangements with outside organizations conform to Diocesan written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in any Board member, committee member or employee inappropriately using the organization's assets for personal gain, impermissible private benefit, or an excess benefit transaction; and
- c. Appropriate disclosures by Board members, committee members and employees are being made.

2. When conducting the periodic reviews, the Diocese may engage the services of outside advisors, consultants or legal counsel, but is not required to do so. If outside experts are engaged, their use shall not relieve the Board of its responsibility for ensuring that required periodic reviews are conducted.

Annual Disclosure Statement for Conflicts of Interest

Each Board member, employee and committee member shall complete annually a disclosure statement that confirms agreement with the spirit and intent of this Conflict of Interest Policy beginning with appointment or hiring.

By initialing and signing this document, I am affirming that I:

1.

have disclosed below all conflicts of interest to the best of my knowledge, whether material in fact or in appearance, and I agree I have an ongoing duty to disclose within a reasonable time any conflicts of interest that arise in the future for so long as my Diocesan position of authority or employment continues;
2.

have received a copy of the Policy for Conflicts of Interest;
3.

have read and understand the Policy for Conflicts of Interest;
4.

have agreed to comply with the Policy for Conflicts of Interest;
5.

understand that the Diocese is a charitable entity and in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes;
6.

have agreed to confidentiality;
7.

have agreed to promptly inform the Canon to the Ordinary of any change that may develop between disclosure statements; and
8.

have agreed to recuse myself, with duality of interests, from debate or vote on related matters unless asked for specific information by the Bishop, Canon to the Ordinary, Board, Executive Committee or another committee.

Please initial the statement that best applies and complete as necessary.

\_\_\_\_\_ There are no known Conflicts of Interests by me, a family member or domestic partner that could be or give the appearance of being a Conflict-of-Interest situation at this time.

\_\_\_\_\_ Understanding that Conflicts of Interest can take many forms in my business, volunteering, relationships, interests and situations involving me or an “affiliated person,” I think there might be or appear to be potential Conflicts of Interest with the Diocese of Central Florida. Duality of interests could be possible because:  
(Use additional paper and include attachments if necessary.)

Printed Name

Signature

Diocesan Staff Person or Volunteer

Date

Thank you for your commitment to the Episcopal Diocese of Central Florida.

Board Members and Committee Members, please also complete the following section.

Board Members and Committee Members

1. Please list all Diocesan Committees and Boards on which you serve. Next to each, note any office that you hold and what year that term expires.

2. As a member of these Diocesan Committees and Boards, I have personal, professional, investment , or political involvement in these following businesses or organizations that may be or appear to be a Conflict of Interest to the Diocese of Central Florida or one of its member institutions.

3. If it is discovered that I am a member of an organization or company that is doing business or considering doing business with the Diocese of Central Florida, I immediately will make the situation known to the Bishop or Canon to the Ordinary and recuse myself from the related Diocesan discussions and related votes. If this conflict or potential conflict involves ongoing communication that could be construed to be unfairly biased or showing preferential treatment, and the Bishop or the Canon to the Ordinary request, I immediately will resign from my Diocesan responsibilities.

Printed Name

Signature

Date

*Thank you again for your commitment to the Episcopal Diocese of Central Florida.*