

# What is a conflict of interest?

A conflict of interest occurs when an individual's personal interests – family, friendships, financial, or social factors – could compromise his or her judgment, decisions, or actions in the workplace.



## In Nebraska,

Certain categories of public officials—including local board of health members and health department staff—have a potential conflict of interest if they are faced with taking an official action or making an official decision which may result in a financial benefit or detriment to them, a member of their immediate family, or business with which they are associated.

### Conflict of Interest Examples



**Financial gain:** A primary concern is when a board member or staff member could personally profit from a decision made by the health department, like selling services to the organization through their own company.



**Family relationships:** If a close family member of a board member is applying for a position within the health department or employed by the health department, this could create a conflict of interest.



**Competing organizations:** A board member sitting on the board of two similar nonprofits/ organizations could be considered a conflict of interest, especially if funding decisions need to be made between the two organizations or if the organizations are in competition for the same funding.

### Other Examples

- A board member using their position to solicit donations for a personal project that is not directly related to the nonprofit's mission.
- A Board member using their position to gain access to confidential information for personal benefit.

## Is it a conflict of interest?

Perceiving a conflict of interest does not make it a conflict of interest. The true test of verifying whether a matter is just a potentially perceived conflict of interest, or an actual conflict of interest, is disclosure.

### Disclosure



is typically a formal and documented process that most organizations have adopted in policy to address conflicts of interest.

The disclosure process is intended to allow board members and staff to be transparent and accountable for their actions and decisions. They do this by explaining or justifying their potential conflict and documenting how it will be addressed, if at all.

Disclosure of a potential conflict of interest does not make it an actual conflict, but may help eliminate the perception. On the other hand, disclosure of an actual conflict of interest does not remove the conflict, but helps get it in the open to be properly addressed.

It is important to disclose potential conflicts of interest, perceived and actual, to allow others to evaluate the matter and make the decision, rather than keep it to oneself and then create an ethical or legal situation.

The individual with the potential conflict of interest cannot make the determination as to whether it is a conflict or not because they do not have an independent or objective point of view. It is always best to be transparent and accountable to eliminate either a perceived or actual conflict of interest.

## Best Practices for Managing Conflict of Interest Concern



### Have a Clear Policy

Establish a written conflict of interest policy that outlines procedures for disclosure and management of potential conflicts.



### Require a Signed Disclosure

Require all board members and staff to disclose any potential conflicts of interest.



### Identify Potential Actions if a Conflict of Interest Arises

- **Disclosure** - A Board Member sends a written communication to the Board Executive Committee identifying the potential conflict
- **Recusal** - If a conflict arises, a board member should recuse themselves from voting on the relevant matter. Other board members can also suggest this action if they believe a fellow board member should recuse themselves.
- **Completion of Board Service** - In rare situations, a conflict of interest may require a Board Member to step down from service until the conflict resolves. For example, if a family member is the Executive Director.



### Reflection in Meeting Minutes

Minutes of board meetings should reflect when a board member discloses that s/he has a conflict of interest and how the conflict was managed. For example, the minutes might read: *There was a discussion on the matter without the board member in the room. A vote was taken and the "interested" board member abstained.*



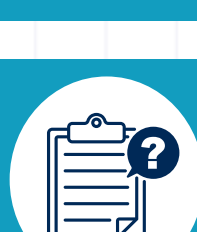
### Independent review

Consider seeking external advice from legal counsel or an ethics committee when dealing with complex conflicts.



### Annual Conversation on COI Examples

Many nonprofits make it a regular practice to take time at a board meeting once a year to discuss hypothetical situations that could result in a conflict of interest, and then discuss how the board would manage that potential conflict. Doing so allows the board to handle real conflicts that arise with greater ease.



### Annual COI Questionnaire

Many organizations circulate a questionnaire each year to identify if any board member (or staff member) has a conflict of interest. Typically, the questionnaire asks board and staff members to disclose any existing conflicts and reminds them to disclose any that arise over the course of the year.

## What are Nebraska's Laws, Policies and Regulations related to Conflict of Interest?

State and local public officials and public employees are subject to the conflicts of interest provisions of the Nebraska Political Accountability and Disclosure Act (NPADA).

## Questions to Ask



Do we have an annual Conflict of Interest Disclosure for our Board of Health Members?



What are the types of Conflicts we have seen in the past? Or expect we might see in the future?



What processes do we have in place to identify and address potential Conflicts of Interest?

