



May 24, 2023

A Guide to Avoiding and Managing Conflicts of Interest

What is a Conflict of Interest?

Conflict of interest is a situation in which a person has a private or personal interest sufficient to appear to influence the objective exercise of his or her official duties. This influence may be through an official vote or through persuasion of other Board members. It includes when a Board or committee member's outside duties, interests or obligations may or do differ fundamentally from their obligations as a Board or committee member of the League. Some examples below:

- **Personal advantage** is when a gain is achieved to the individual, family member, household or company as a result of the outcome of the decision.
- **Private advantage** is when a gain is achieved by or for another organization with which the individual is directly involved.
- **Real conflict of interest** occurs when a member has a private interest that is sufficient to influence the exercise of his/her duties and responsibilities.
- **Potential conflict of interest** occurs when there exists a private interest that could influence the exercise of a member's duty or responsibility.
- **Apparent conflict of interest** exists when there is a reasonable apprehension, which a reasonably well-informed person could properly have that a conflict of interest exists on the part of that member.

How Do Conflicts of Interest Harm Boards?

Effective governance depends on deliberate, thoughtful, and fair decision making by Board members. The ability to make good decisions is sometimes affected by other interests – personal or professional – of individual Board or committee members.

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Board members have what is called a fiduciary duty to the League. This is also known as a duty of loyalty and requires Board members to put the long term interests of the League ahead of their own personal interests; to choose the good of the League over what is good for them as an individual.

One cannot eliminate conflicts of interest. They are a part of organizational and personal life. Everyone who volunteers for a Community League board does so because they are interested in the community. Trouble occurs when interests conflict.

Managing conflicts of interest will rely heavily on the common sense of the group as a whole. Conflict of interest situations vary and the judgment and flexibility of the Board, committee or working group must be preserved. If in doubt share the concern with other Board members and ask 'How would this look to a member of the League looking in at this?'

Board Members Responsibilities (potential policy)

Board Members must not participate, or be perceived as participating, in any decision or any matter, which may directly or indirectly benefit that director, or anyone with whom the director has a close personal relationship.

Board Members should not use, or be perceived as using, their status as Board members to gain privileged access to the members or Board for the presentation of programming or service proposals.

Boards have a responsibility to conduct themselves in a manner that does not compromise the ability of the Board to accomplish its mandate or undermine the public's confidence in the members' ability to discharge their responsibilities properly. It is expected that members will:

- Act in a manner that enhances the integrity of the Board. When functioning as a Board member, each person has a duty to place the interest of the League foremost in any dealings and has a continuing responsibility to comply with the requirements of these guidelines.
- Not gain an improper advantage through information derived from their association with the League. No Board or committee member will use their position, or the knowledge gained there from, in such a manner that a conflict between the interest of the League and their interest arises, but is not disclosed.



- Only represent the Board in their activities outside the meetings when specifically authorized to do so.
- Respect the confidentiality of the organization and not provide information received through their role as members, which is not available to the general public, unless prior written authorization is given for its release.

Board and committee members are not eligible for employment or service contracts with the League during their tenure. If a member wishes to apply for a paid position, they must immediately withdraw from active participation on the Board or committee. If they are the successful candidate, they must immediately resign their Board or committee position upon accepting the job.

Former League staff members are not eligible to run for a Board position until two years from the date of their resignation or departure.

Procedures for Managing Conflicts of Interest (Potential Policy)

Before any meeting of the Board, an agenda will be circulated to each Board member, to allow members of the Board to identify possible conflicts of interest.

A member of the Board with an actual, perceived or potential conflict of interest will declare that to the Chair of the meeting (the president) prior to the introduction of the agenda item in question.

A member of the Board or committee with an actual, perceived, or potential conflict of interest will be required to abide by one of the following courses of action brought forward by the Board:

- They may be present and/or participate in initial discussion, and then be asked to leave for further discussions and the vote.
- They will not be involved in any aspect of the decision making process.
- If the member is acting as the agent bringing a request forward from another organization to which they belong, they will be allowed to introduce the request and provide a summary of benefits and then be excused from the proceedings.



- Where other members of the Board or committee perceive a member may have a conflict of interest in a matter, they have a duty to disclose to the chair of the meeting.
- If the Chair has a real or perceived or potential conflict they must 'pass the chair' to the vice chair (vice president) and follow the process above.

What Can the Board Do?

- Develop policy on conflict of interest. Much of this guide can be easily turned into policy.
- Include avoiding and managing conflicts of interest in the Board's Code of Conduct. Examples of codes of conduct can be found on the EFCL website in the [Board Development and Governance](#) section, under Resources for Leagues

For more information please contact leaguesupport@efcl.org

