

Bishop Hall Charter School
CONFLICT OF INTEREST POLICY AND PROCEDURES

I. PURPOSE OF THE CONFLICT OF INTEREST POLICY

The purpose of this conflict of interest policy of Bishop Hall Charter School, hereinafter referred to as BHCS, is to protect the school when it is contemplating entering into a contract, transaction or arrangement that has the potential for benefiting the private interest of a “Significant Person” as defined below. This Policy is intended to supplement, but not replace, any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

II. STATEMENT OF POLICY

BHCS will not engage in any contract, transaction or arrangement involving a Conflict of Interest without establishing appropriate safeguards to protect the interests of BHCS. To that end:

- a. Each Significant Person must promptly, fully and timely comply with the disclosure requirements set forth in this policy, or as otherwise adopted by BHCS Board in accordance with this policy.
- b. All transactions, contracts or arrangements involving a conflict of interest must be reviewed by the board or by a designated body of disinterested persons.
- c. The Board, or designated body, must determine by a majority vote of disinterested persons that appropriate safeguards are in place to protect the interests of BHCS and are consistent with the purposes of this Policy.
- d. Where appropriate, the Board or designated body shall seek advice of legal counsel.

This Policy applies to (a) Significant Persons, and (b) any contract, transaction or arrangement involving BHCS.

III. DEFINITIONS APPLICABLE TO THE POLICY

Significant Person. Any director, officer, key employee or committee member with board delegated powers is a Significant Person.

Conflict of Interest. A “Conflict of Interest” exists whenever a Significant Person has a significant personal interest in a proposed contract, transaction or arrangement to which BHCS may be a party.

Note: Attention should also be placed on the organizational costs associated with the “appearance” of impropriety created by a personal interest even if it does not constitute an actual conflict of interest.

Significant Personal Interest. A Significant Personal Interest exists if the Significant Person, directly or indirectly, through business, investment, or family member, has a (n):

- a. ownership or investment interest in any entity with which BHCS has a contract, transaction or arrangement;
- b. compensation arrangement with BHCS;
- c. compensation arrangement with any entity or individual with which BHCS has a contract, a transaction or arrangement;

- d. potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which BHCS is negotiating (or is proposing to negotiate) a contract, a transaction or arrangement; or
- e. fiduciary position (*e.g.*, member, officer, director, committee member), whether compensated or uncompensated, with another, unaffiliated organization (i) which directly competes with BHCS in terms of services or for charitable contributions; or (ii) with which BHCS has (or is proposing to enter into) a contract, transaction or arrangement.

Compensation includes direct and indirect remuneration, consulting fees, board or advisory committee fees, honoraria, as well as gifts or favors that are not insubstantial.

A Significant Interest is not necessarily a conflict of interest. Article IV, Section 4 describes the procedure that will be used to decide whether or not a conflict of interest exists.

Family Member. With respect to a Significant Person, a “Family Member” means:

- a. the Person’s spouse;
- b. a brother, sister, parent, grandparent, child, grandchild, great grandchild (by whole or half-blood) of the Person or the Person’s spouse, or
- c. the spouse of an individual listed in paragraph (b),

However, a Family Member includes individuals listed in paragraphs (a) and (b) (other than a child) *only* if the individual lives in the Person’s household, the Person manages the individual’s financial affairs, or the Person is aware without special inquiry that the Family Member holds a particular Interest.

IV. PROCEDURES FOR IDENTIFICATION OF POTENTIAL CONFLICTS OF INTEREST

Annual Questionnaire. Each Significant Person shall completely, accurately and timely submit the annual *Conflict of Interest Questionnaire* (the “Annual Questionnaire”) as prepared and distributed by the Board [or Committee]. *Note: A sample Questionnaire is attached to the end of this document.*

Duty to Disclose. A Significant Person must disclose the existence of any Interest and be given the opportunity to disclose all material facts to the persons the board has designated to consider the proposed contract, transaction or arrangement. Such information must be provided so that decisions are made with full knowledge and understanding of the Significant Person’s interest. *Note: It is important for BHCS Board to closely monitor the timeliness and completeness of the Questionnaire responses to assure that there is full disclosure.*

Continuing Disclosures. If, after completion of the Annual Questionnaire, any Significant Person becomes aware of anything that could give rise to a potential Conflict of Interest with respect to a proposed contract, transaction or arrangement involving BHCS, the Significant Person shall promptly disclose that Interest to the Board or its designee, *[insert name of any designee]*

V. PROCEDURE FOR DETERMINING WHETHER A CONFLICT OF INTEREST EXISTS

The Board [or Committee] shall determine by a majority vote of disinterested directors whether the disclosed Interest may result in a conflict of interest after meeting, discussing and voting on the matter. The Board [or Committee] shall:

- a. review responses to the Annual Questionnaire and any continuing disclosures that are made during the year;

- b. take such steps as are necessary to identify Interests and review any so identified;
- c. make such further investigation as it deems appropriate with regard to Interests disclosed or identified; and
- d. determine whether any such Interest gives rise to a Conflict of Interest.

The Board [or Committee] may request additional information concerning the relevant Interest from all reasonable sources before reaching a determination. A Significant Person may make a presentation at the Board [or Committee] meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

VI. PROCEDURE WHEN A CONFLICT OF INTEREST EXISTS

Where a conflict of interest is determined to exist, BHCS shall not enter into the proposed contract, transaction or arrangement unless the Board [or Committee thereof] has complied with the following:

- a. The chairperson of the Board [or Committee] shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed contract, transaction or arrangement.
- b. After exercising due diligence, the Board [or Committee] shall determine whether BHCS can, with reasonable efforts, get a more advantageous contract, transaction or arrangement from a person or entity without a conflict of interest.
- c. If a more advantageous transaction or arrangement is not reasonably possible, the Board [or Committee] shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in BHCS's "best interest", for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, the Board shall make its decision as to whether to enter into the contract, transaction or arrangement.

VII. PROCEDURE FOR VIOLATIONS OF THE POLICY

- a. If the Board [or Committee] has reasonable cause to believe a Significant Person has failed to comply with the disclosure requirements in this Policy, it shall inform the Person of the basis for such belief and afford the Person an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the Significant Person's response and after making further investigation as warranted by the circumstances, the Board or committee determines the Significant Person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

VIII. DOCUMENTATION OF PROCESS

The minutes of the Board (and all committees with board delegated powers) shall contain:

- a. The names of the Significant Persons who disclosed or otherwise were found to have an Interest being considered at such meeting by the Board [or Committee], the nature of the Interest, any action taken to determine whether a Conflict of Interest was present, and the Board's [or Committee's] decision as to whether a conflict of interest in fact existed.

- b. The names of the persons who were present for discussions relating to the contract, transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.
- c. If appraisals (for tangible property) or third party comparable data (for compensation) were considered by the Board [or Committee], the nature and source of the data.

IX. ANNUAL AFFIRMATION STATEMENT

Each Significant Person shall annually sign the statement at the end of the attached Annual Questionnaire and affirm:

- The person has received a copy of this Conflict of Interest Policy,
- The person has read and understands the Policy,
- The person agrees to comply with the Policy, and
- The person understands that BHCS is a charitable organization and, in order to maintain its federal tax exemption, it must continuously engage primarily in activities that accomplish one or more of its tax-exempt purposes.

X. PERIODIC REVIEWS

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

- Whether compensation arrangements and benefits are reasonable, are based on competent survey information, and are the result of arm's length bargaining.
- Whether partnerships, joint ventures, and arrangements with management organizations conform to the "BHCS's" written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

XI. USE OF OUTSIDE EXPERTS—

When conducting the periodic reviews as provided for in Article VII, BHCS may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

CONFLICT OF INTEREST QUESTIONNAIRE

Purpose of this Questionnaire

The Conflict of Interest Policy (the “Policy”) adopted by the Board of Directors of BHCS requires disclosure of certain Interests. It is not uncommon to have these interests, but it is very important to make them known to BHCS.

Use this questionnaire to disclose where you or your Family Members have certain affiliations, interests or relationships, and/or have taken part in transactions that, in light of your relationship to BHCS, might possibly give rise to an actual, apparent or potential conflict of interest.

How to Use this Questionnaire

1. Please read the Conflict of Interest Policy for the definitions of all capitalized terms used in the Questionnaire.
2. Answer all questions. Check “No” where applicable (please do not leave any question blank if the correct response is “no”).
3. Any response should take into consideration your relationship with and your role within BHCS.
4. Where this Questionnaire refers to “you,” it is also referring separately to each Family Member. For purposes of this Questionnaire, the definition of “Family Member” is extremely inclusive. “Family Member” includes a brother, sister, parent, grandparent, child, grandchild or great grandchild (by whole or half blood) of the “Significant Person” or his/her spouse.
5. Your response should indicate whether you are disclosing an Interest of you or of a Family Member (and, in the case of a Family Member, the nature of your relationship with that Family Member).
6. Include all material facts as requested by this Questionnaire.
7. Disclose all possible Interests that currently exist, even if you previously reported them. Interests that are new, either since the filing of your last Questionnaire, or since the beginning of your relationship with BHCS should also be reported on this Questionnaire. A potential Conflict of Interest can arise from many circumstances, not just those described in this Questionnaire. **You must report to the Board any relationship that creates an Interest that occurs between now and the completion of the next annual Questionnaire.** Any potential conflicts of interest that arise after the questionnaire has been completed should be immediately reported to the CEO or Board Chairperson.

Note: It will be helpful to designate a specific officer authorized to respond to conflicts and disclosure questions.

8. Complete the questionnaire, date it and sign the affirmation at the end of the document.

CONFLICT OF INTEREST QUESTIONNAIRE AND ACKNOWLEDGMENT

(To be completed by Officers, Directors, Trustees, Key Employees and members of Board committees)

NAME: _____

POSITION: _____

In accordance with the purposes and intent of the Conflict of Interest Policy adopted by the Board of Directors of BHCS, a copy of which has been furnished to me, I hereby disclose that I or my Family Members have the following affiliations, interests or relationships, and/or have taken part in the following transactions:

I. BACKGROUND

A. What position(s) do you hold and what relationship(s) do you maintain with respect to the Organization (*e.g.*, trustee, director, committee member, officer, executive, professional advisor, vendor, etc.)?

II. OUTSIDE INTERESTS

A. Do you or any Family Member (as defined on previous page, number 4) hold, directly or indirectly, through business, investment or immediate family, any of the following:

i. An ownership or investment interest in a company that does or may do business with, or that competes with BHCS, regardless of the percentage of ownership or value of the ownership interest?

() No () Yes - Explain below

ii. A compensation arrangement with any Company that does or may do business with, or that competes with BHCS (such as compensation for employment or independent contractor services, consulting fees, board stipends or fees, advisory committee fees, honoraria and the like)?

() No () Yes - Explain below

iii. A director, trustee, officer or board committee position with any other Company that does or may do business with, or that competes with BHCS (including competition for grants or donations)?

() No () Yes - Explain below

iv. Any personal loans, advances or other borrowing from, or indebtedness to, any customer or supplier who also does or may do business with BHCS? (You may exclude charge cards, and personal or mortgage loans at market rates at financial institutions such as banks, finance companies, insurance companies, and savings and loan associations.)

No Yes - Explain below

B. Do you or any Family Member compete, directly or indirectly, with BHCS in the purchase or sale of property rights, interests or services?

No Yes - Explain below

C. Do you or any Family Member provide directive, managerial, consultative or other services to or on behalf of any other Company that does or may do business with, or that competes with, the services of BHCS?

No Yes - Explain below

D. Do you or any Family Member employ or otherwise retain any BHCS personnel for work on non-BHCS business done outside of BHCS?

No Yes - Explain below

E. Have you or any Family Member used BHCS property to conduct business that is not BHCS business, without prior approval of an executive of BHCS?

No Yes - Explain below

F. If you are employed by BHCS, have you or any Family Member accepted assignments outside of BHCS, either as an employee or as an independent contractor, over and above your primary or full-time assignment with BHCS?

() No () Yes - Explain below

G. Do you or any Family Member hold an elected or appointed office or other position of public responsibility that serves residents in BHCS's service area?

() No () Yes - Explain below

H. Have you or any Family Member been a party to any action, suit or proceeding during the past five years that might be deemed material to evaluating your ability, your integrity or your interests with respect to BHCS?

() No () Yes - Explain below

I. Do you or any Family Member know of any recent or pending actions, suit or proceeding in which you have an interest adverse to the interests of, or are a party adverse to BHCS?

() No () Yes - Explain below

III. INSIDE ACTIVITIES

A. In your area of direct responsibility within BHCS, do you employ or otherwise retain any Family Member or other individual with whom you have a business or personal relationship? Have you or any Family Member attempted to influence BHCS concerning the employment or retention of any immediate family member or other individual with whom you have a business or personal relationship?

() No () Yes - Explain below

B. Attached to this form is a complete list of the directors, officers, key employees and significant service providers for BHCS. We need certain additional information to complete the annual Form 990 tax return for BHCS. We are required to ask each person or entity on the attached list the following questions:

i. **Is any person on the list a Family Member?**

If yes, please specify name and relationship: _____

ii. **Are you an employee of any person or entity on the list?**

If yes, please specify employer(s): _____

iii. **Do you (PERSONALLY, and not through any business interests) have a written contract with any person or entity on the list?**

If yes, please specify name and relationship: _____

iv. **Do you (PERSONALLY, and not through any business interests), together with any person or persons on the list, have more than a 35% ownership interest in any corporation, partnership or trust?**

If yes, please specify name and relationship: _____

Note: You may wish to use the list created from Part VII of the 2008 Form 990 for this section. See also, the [sample DOTKE tracking form](#) available on BHCS Exchange.

IV. GIFTS, GRATUITIES AND ENTERTAINMENT

A. Have you or any Family Member accepted gifts, entertainment, benefits, discounts or other favors from any outside entity that does, or is seeking to do, business with, or is a competitor of, BHCS, under circumstances from which someone might think that such action was intended to influence or possibly would influence you in the performance of your duties on behalf of BHCS? This does not prohibit the acceptance of reasonable entertainment by suppliers or prospective suppliers or items of nominal value that are clearly tokens of respect or friendship and not related to any particular transaction or activity when the value of such entertainment or items does not exceed One Hundred Dollars (\$100.00).

() No () Yes - Explain below

B. Have you or any Family Member accepted any gifts, honoraria, perquisites, favors or benefits valued in excess of One Hundred Dollars (\$100.00) from customers, suppliers or agents of BHCS?

() No () Yes - Explain below

V. OTHER

In the space below, please disclose any other interest, activities, investments or involvement that you think might be relevant for full disclosure of all actual, apparent or possible conflicts of interest. If none, indicate "none." [Use additional pages as necessary.]

VI. AFFIRMATION

I hereby state that:

- (i) I have received a copy of BHCS's Conflict of Interest Policy,
- (ii) I have read and understand the Policy,
- (iii) I agree to comply with the Policy,
- (iv) I understand that BHCS is a charitable organization and that, to maintain its federal tax-exempt status, it must engage primarily in activities that accomplish one or more of their tax-exempt purposes,
- (v) I agree to report to the appropriate person (1) any change in the responses to each of the foregoing questions that may result from changes in circumstances or (2) any further financial interest, situation, activity, interest or conduct that may develop before completion of my next annual Questionnaire, and
- (vi) The information contained in this Questionnaire is true and accurate to the best of my knowledge and belief as of the date below.

Signed: _____

Print Name: _____