

# Central Oregon Veteran and Community Outreach (COVO) Conflict of Interest Policy

**I. Applicability:** This policy is applicable to all employees, officers, members of the Board of Directors (BOD), or anyone else representing COVO (referred to as "representatives").

**II. Duty of Fidelity:** Representatives owe a duty of loyalty and fidelity to COVO. Representatives are expected to perform their duties on behalf of COVO faithfully, diligently and to the best of their abilities. Additionally, all representatives shall comply with the provisions of the COVO Ethics Policy.

**III. Harm to Business or Reputation:** Representatives shall refrain from engaging in conduct that could adversely affect the reputation and business operations of COVO. Such conduct includes, but is not limited to: publicly criticizing (including the use of social media outlets) COVO, its management or its other representatives; or engaging in criminal conduct or other behavior that could harm the reputation or business operations of COVO.

**IV. Conflict of Interests:** All representatives may have interests that are different from the interests of the organization. As such, COVO representatives must avoid both any conflict of interest and the appearance of a conflict of interest.

**A. Conflict of Interest (Defined):** A situation that may undermine the impartiality of a representative's decision because of an apparent or real clash between the representative's self-interest (professional, financial, personal, etc.) and the representatives' duty to COVO.

**B. Addressing actual and potential conflicts of interests:** Representatives appropriately address potential conflicts of interest by any of the following:

1. The individual is severed from either the competing interest or the decision making that might have the conflict. The severance must be unequivocal.
2. The individual reports to the Board the potential competing interest. The reporting must be documented in writing and clearly reveal the matter.
3. The individual recuses him or herself from a particular decision that might involve a conflict of interest.

**Central Oregon Veteran and Community Outreach (COVO)**  
**Conflict of Interest Policy**

4. If the individual with the potential conflict of interest is a Director, the following three-step process applies: Declare that he or she has a conflict of interest, Disclose the nature of the conflict and abstain from voting on the matter(s) involved; if in doubt, Disclose.

5. Once the BOD is aware of a potential conflict of interest, the BOD must address the transaction in question by:

- a. Removing from the individual any ability to make or participate in making the decision in question.
- b. Removing the individual from the position or office that would be making or participating in those decisions that might have the conflict.
- c. Separating the individual from the potentially competing interest.
- d. Making an explicit determination that there is no conflict of interest, that any reasonable person with all the facts would come to the same conclusion, that any appearance of conflict is of little consequence, and that therefore no action is required.
- e. Making an explicit determination that the harm to the Corporation from eliminating the individual from the decision is greater than the harm from the conflict of interest if the individual makes or participates in making the decision. The Board's reasoning should be well documented, compelling, and likely to persuade a reasonable person with all the facts that the decision is correct.

**C. Conflict of Interest or the Appearance of a Conflict of Interest occurs when:**

1. The COVO representative has financial interests (in addition to compensation to represent COVO) that might benefit from certain decisions made by COVO. These financial interests can include:

- a. Having ownership in a company that does business with COVO (see appendix)
- b. Receiving pay from a company that does business with COVO
- c. Contracting with COVO, or negotiations that might lead to any of the above if the representative makes or participates in a decision affecting any of these, or anytime the representative is a Director. To avoid the appearance of a conflict of interest, the Board may decide to conduct

## Central Oregon Veteran and Community Outreach (COVO) Conflict of Interest Policy

business with a different party, other than the one that is the source of potential conflict, even if the individual with the conflict has been separated from the decision-making.

d. When supervisor & subordinate, director & employee, or any COVO representative & contractor also:

- (1) Are family members, including adoptions, guardians and godparent/child.
- (2) Have a romantic relationship.
- (3) Have a financial relationship outside official COVO duties (see appendix).
- (4) when a supervisor, director and/or officer receive from a subordinate, employee, tenant or contractor a gift of significant value or a series of gifts that amount to a significant value. Unless the recipient can show good reason otherwise, "significant" is \$100 or more annually. Small amounts are significant, as well, if there lacks a legitimate reason for the gift, such as birthday, holiday or picking up the tab at a shared lunch.

2. A representative handles COVO funds and also:

- a. Carries debts beyond the individual's current income to pay.
- b. Is late paying bills several times a year.
- c. Engages in criminal activity.
- d. Abuses substances such as alcohol and drugs.
- e. Gambles in games of chance, in which the individual places at risk [bets] amounts exceeding \$1000 annually.
- f. Engages in any activity that could result in that person being subject to coercion or blackmail.

3. A representative is an officer of another organization competing for the same funds, such as a grant. In such cases, the matter is adequately addressed if the representative is separated from decisions and activities related to obtaining those funds (see appendix).

**Central Oregon Veteran and Community Outreach (COVO)**  
**Conflict of Interest Policy**

4. A COVO representative has a legal action pending against COVO and also makes decisions or participates in making decisions that could affect that legal action.

5. A COVO representative is also an official of a labor organization representing or seeking to represent COVO employees. The labor organization official is prohibited from also representing COVO management in labor relations and from participating in developing management strategies for labor relations. This prohibition adequately addresses the conflict of interest, once the labor organization official reports the conflict to the Board.

**D.** To prevent even the appearance of conflict of interest, COVO housing will never be rented to:

1. A Director on the Board.
2. The Executive Director.
3. Any parent, grandparent, child, grandchild, sibling, cousin, nephew, niece, aunt or uncle of a Director or Executive Director.
4. Anyone elected to Oregon or Federal public office.
5. A stakeholder official with authority to award and administer grants to COVO.

**E.** Each COVO representative shall annually receive a copy of the Conflict of Interest policy and sign a statement, which affirms such person:

1. Has received a copy of the Conflict of Interest Policy,
2. Has read and understands the policy,
3. Has agreed to comply with the policy, and
4. Understands the Corporation is charitable, 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.

**Central Oregon Veteran and Community Outreach (COVO)  
Conflict of Interest Policy**

**V. Special voting & documentation rules for the BOD:**

**A.** Conflict of interest transactions must be approved by a majority of ALL of COVO's disinterested directors, not just a majority of the directors in attendance at the meeting.

**B.** The minutes of any BOD meeting where a conflict of interest transaction was considered, must specifically document compliance with the rules by:

1. showing the affected directors and officers properly "Declared, Disclosed and Abstained" from voting on a Conflict of Interest transaction, and that they left the meeting during the discussion of the matter.

2. Clearly disclose what information, and the source of that information, the BOD reviewed and relied upon in making a finding.

3. State the names of all directors who voted for, voted against, or who abstained the Motion to approve the conflict of interest transaction.

**VI. Penalties**

**A.** If the BOD has reasonable cause to believe a representative has failed to disclose actual or possible conflicts of interest:

1. Inform the representative of the basis for such belief and afford the representative an opportunity to explain the alleged failure to disclose.

**B.** If, after hearing the representative's response and after making further investigation as warranted by the circumstances, the BOD determines the representative has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and/or corrective action.

**Central Oregon Veteran and Community Outreach (COVO)  
Conflict of Interest Policy**

**APPENDIX**

*Scenarios*

Paragraph D1a:

A certain developer is buying up land around Bend, much of which has homeless camps on it. The Outreach Coordinator reveals he has stock in that corporation. And of course, the Outreach Coordinator makes discretionary decisions about service to homeless camps. The Board has the option of telling the Outreach Coordinator that he must divest himself of that stock as a condition of his continued employment.

Paragraph D3:

The Board's reasoning should be well documented, compelling, and likely to persuade a reasonable person with all the facts that the decision is correct." The Board is having a special meeting devoted to looking at what grants to pursue. After an hour, a Director raises his hand and says, "Wait a minute! I'm on the board of directors for another veteran group. What if I want that group to get those grants? I have a conflict of interest." At the same time, most of the other Directors confess to belonging to organizations that might have an interest in the grants, as well. If all those Directors recuse themselves from participating in deciding what grants to pursue, what does that do to the effectiveness of the Board? Would a quorum be left to make a decision? The Board must have the option to say, "Yes, there are conflicting interests. But COVO is still better off with these Directors participating in the decision."

Paragraph D1d(3):

A SSVF Case Manager has loaned \$20,000 to the Executive Director in a formal document that specifies interest and payments. The Executive Director is behind in payments. At the same time, the Case Manager has been coming to the office intoxicated. The Executive Director's ability to deal with the Case Manager's conduct is compromised by their financial relationship.