
SCHOHARIE ARC POLICY AND PROCEDURES

BOARD APPROVAL DATE:1/24/2020

EFFECTIVE DATE:1/24/2020

TITLE: Conflict of Interest

POLICY# 10-10

I. Purpose

Schoharie Arc has a commitment to its members and the public at large, strives to maintain the highest ethical standards in the delivery of programmatic services through the design, implementation and adherence to clearly articulated policies and procedures in an effort to avoid either actual or the appearance of improper or undisclosed conflicts of interest. Each Director, Officer, and Key Person of Schoharie Arc has a duty of loyalty to Schoharie Arc, which requires those individuals to prefer the interests of Schoharie Arc over their own. Schoharie Arc further wishes to clarify that where the terms “Director”, “Officer” and “Key Person” appear, all members of the Schoharie Arc Executive Committee, as outlined in the Chapter’s By-laws, are considered part of this group and are subject to the requirements of this Policy.

The purpose of this policy is to protect the interests of Schoharie Arc when it is contemplating entering into a transaction or arrangement that might benefit the private interest, financial or otherwise, of a Director, Officer, or Key Person of Schoharie Arc. Schoharie Arc will not enter into any such transaction or arrangement unless it is determined by the Board in a manner described below to be fair, reasonable, and in the best interests of Schoharie Arc at the time of such determination.

Director: Any voting or non-voting member of the governing board of Schoharie Arc.

Schoharie Arc Key Person: A Key Person is someone who is in a position to exercise substantial influence over the affairs of Schoharie Arc. This includes, but is not limited to:

- Voting members of the Board;
- Presidents, chief executive officers, chief operating officers or employee of any other title with similar responsibilities;
- Treasurers and chief financial officers or employee of any other title with similar responsibilities; or
- A “highly compensated” employee, within the meaning of section 4958 of the Internal Revenue Code and guidance issued by the Internal Revenue Service, who is in a position to exercise substantial influence over the affairs of Schoharie Arc

II. Scope

There is an expectation that each Director, Officer, and Key Person of Schoharie Arc shall be constantly aware of the potential dangers inherent in situations where personal interests conflict with those of Schoharie Arc. There is further expectation of loyalty and ethical consciousness that motivates all individuals to recognize situations and circumstances that could produce a conflict of interest that should either be disclosed or avoided.

III. Policy and Procedure

Duty to Disclose

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Each Director, Officer and Key Person of Schoharie Arc shall refrain from engaging in those activities or situations in which they have a duty to protect Schoharie Arc's interest, or consumer's best interest, and a simultaneous opportunity to realize a personal gain or benefit, unless such activity has been appropriately disclosed and approved by the Board of Directors.

Additionally, no mentioned persons of the Schoharie Arc, shall engage in any activity, business or employment that conflicts with Schoharie Arc's interest or diminishes the ability of the employee to render to Schoharie Arc his/her full, loyal and undivided services.

Finally each mentioned persons Schoharie Arc shall at all times, use their best efforts to avoid the appearance of a conflict of interest. The appearance of a conflict can be as damaging as an undisclosed and/or actual conflict. Every mentioned persons off Schoharie Arc shall maintain an attitude of awareness dedicated to recognizing those situations in which an appearance of conflict might arise.

Determining Whether a Conflict of Interest Exists

After disclosure of the financial or other interest and all material facts, and after discussion with the individual raising the potential conflict, he/she shall leave the meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or Audit Committee members shall decide if a conflict of interest exists.

Procedures for Addressing the Conflict of Interest

The Director, Officer, or Key Person may make a presentation at the Board meeting, but after such presentation that individual shall leave the meeting during any discussion of, and/or vote on the transaction, arrangement or activity being addressed as the possible conflict of interest. Further, the individual with a conflict shall refrain from any attempts to improperly influence the deliberations and voting on the matter giving rise to the conflict.

After the exercise of due diligence, the Board shall determine whether it can obtain by reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

If a more advantageous transaction or arrangement is not reasonably possible under the circumstances that does not produce a conflict of interest, the Board shall determine by a majority vote of the disinterested Directors then present and voting whether the transaction or arrangement is in Schoharie Arc's best interest, for its own benefit, and whether it is fair and reasonable.

Violations of the Policy

If the Board determines that a Director, Officer, or Key Person has failed to disclose an actual or possible conflict of interest, it shall inform such person of the basis for such belief and afford the person the opportunity to explain the alleged failure to disclose.

If after hearing the individual's response and after making further investigation as warranted by the circumstances, the Board determines the individual has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action, including but not limited to consideration of the act as conduct detrimental to Schoharie Arc in violation of its by-laws.

IV. Audit Committee Review

The Board delegate to the Audit Committee, which shall be composed solely of Board members, the adoption, implementation of and compliance with this policy. The Board may delegate to the Audit Committee review and approval of any Related Party Transaction involving a Related Party and Schoharie Arc, as contained in this Policy; provided that if the Related Party Transaction is of a magnitude that would otherwise require full Board approval, the Audit Committee shall submit the Related Party Transaction to the Board for consideration, providing its recommendation as to whether or not to approve it.

In the event the Board delegates the review and approval of Related Party Transactions to a committee, all references to the Board in this Policy shall be deemed to refer to such Committee and all references to a majority of the Board shall be deemed to refer to a majority of such Committee. Further, the Audit Committee shall report material findings on all matters arising under this Policy to the Schoharie Arc Executive Committee and/or Board of Directors.

V. Record of Proceedings

The minutes of the Board and all Committee meetings at which a Related Party Transaction is considered shall contain:

1. The name(s) of the persons who disclosed or otherwise were determined to have a potential or actual Financial Interest and/or conflict of interest, the nature of the potential or actual Financial Interest and/or conflict of interest, any action taken to determine whether a Financial Interest or conflict of interest exists (including the basis for the Board's approval and the Board's consideration of alternative transactions), and the Board's decision with respect to whether a Financial Interest and/or conflict of interest exists.
2. The names of the persons who were present for discussions and votes relating to any determinations under Article III above, including whether the Related Party (and any members not considered to be Independent Directors) left the room during any such discussions, the content of such discussions, including discussion of alternative transactions, and whether or not the transaction with the Related Party was approved by the Board.

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The minutes shall be documented contemporaneously to the decision and discussion regarding the Financial Interest or Conflict of Interest.

VI. Initial and annual statements / disclosures

Prior to a member of the Board's initial election to the Board, and annually thereafter, such Directors shall sign and submit to the Secretary of Schoharie Arc a written statement identifying, to the best of his or her knowledge:

1. Any entity of which such member of the Board is an officer, director, trustee, member, owner, or employee and with which Schoharie Arc has a relationship; and
2. Any transaction in which Schoharie Arc is a participant and in which such member of the Board might have a conflicting interest.

A copy of each disclosure statement shall be provided by the Secretary of Schoharie Arc to the Chairperson of the Audit Committee and also kept in Schoharie Arc's files and made available to any Director upon request.

Further, each Director, Officer, and Key Person shall annually sign a copy of this statement and submit it to the Secretary of Schoharie Arc that affirms that such person:

Has received a copy of this Policy; and

Has read and understands this Policy; and

Has agreed to comply with this Policy.

A statement shall remain on file for no less than six years.

CONFLICT OF INTEREST ACKNOWLEDGEMENT FORM

I, _____, by signing my name on the signature line below, hereby acknowledge that I have received and read a copy of this policy in its entirety, understand the nature and contents of both documents and agree to comply with the requirements of both documents. I understand that my failure to sign this document shall be referred to the Audit Committee for further action.

Please check all statements that pertain to your disclosure:

I wish to report that to the best of my knowledge, information and belief, no situation in which I am involved personally or professionally could be construed as a violation of this policy, or as placing me in a position of having a conflict of interest with the Schoharie Arc.

I wish to disclose the following circumstance that may possibly be a conflict of interest or violate this Policy:

(Disclosure does not automatically result in a violation, but will be subject to review).

I am a person with an intellectual or other developmental disability, a parent, family member or blood relative of a person with a disability who receives services from a Schoharie Arc.

Other Disclosures:

I wish to report that I am an affiliated person who has decision-making authority with the Schoharie Arc who may have a conflict of interest:

Signed: _____

Print: _____

Position: _____

Date: _____