

## **Justice Information Resource Network Conflict of Interest Policy**

### **Article I**

#### **Purpose**

The purpose of the conflict of interest policy is to protect this tax-exempt organization's (JIRN or the Network) interest, and the interest of those with whom it conducts business, when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director, staff member (including sub-recipient or consultant to an Association award, contract or collaborative agreement) or committee member of the Network or might result in a possible excess benefit transaction. 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.

### **Article II**

#### **Definitions**

##### **1. Interested Person**

Any Director, principal officer, staff member (including sub-recipient or consultant to an Association award, contract or collaborative agreement) or member of a committee with governing board-delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

##### **2. Financial Interest**

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the Network has a transaction or arrangement;
- b. A compensation arrangement with the Network or with any entity or individual with which the Network has a transaction or arrangement; or
- c. A potential ownership or investment in, or compensation arrangement with, any entity or individual with which the Network is negotiating a transaction or arrangement; or
- d. A compensation arrangement with the Network and simultaneously with another entity for which the person will perform services.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

### **Article III**

#### **Procedures**

##### **1. Duty to Disclose**

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all the material

facts to the Directors, Officers, and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

## **2. Determining Whether a Conflict of Interest Exists**

After disclosure of the financial interest and all material facts and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

## **3. Procedures for Addressing the Conflict of Interest**

- a. An interested person may make a presentation at the governing board or committee; 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.
- b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the governing board or committee shall determine whether the Network can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. If an advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Network's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement or permit the person to accept simultaneous employment with another entity.

## **4. Violations of the Conflicts of Interest Policy**

- a. If the governing board or committee has reasonable cause to believe a staff member (including sub-recipient or consultant to an Association award, contract or collaborative agreement) or other member of the Network has failed to disclose actual or possible conflicts of interest, it shall inform that individual of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the individual's response and after making further investigation as warranted by the circumstances, the governing board or committee determines that person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action. Disciplinary sanctions may include anything from recusing the individual from work on a given project to dismissal from the board or loss of membership/employment.

### **Article IV**

#### **Records of Proceedings**

The minutes of the governing board and all committees with board-delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was

present, and the governing 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 and votes relating to the 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. Such records of financial disclosures and all actions taken by the institution with respect to each conflicting interest will be maintained for three years after completion of the transaction or arrangement in question.

#### **Article V Compensation**

1. A voting member of the governing board who receives compensation, directly or indirectly, from the Network for services is precluded from voting on matters to that member's compensation.
2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Network for services is precluded from voting on matters pertaining to that member's compensation.
3. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Network, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

#### **Article VI Annual Statements**

The Network's Director of Finance and Administration shall be responsible for annually distributing a copy of this policy to each Director, principal officer, staff member (including sub-recipient or consultant to an Association award, contract or collaborative agreement) and member of a committee with governing board delegated powers. Upon receipt and review of the policy, each recipient must sign a statement which affirms such person:

- a. Has received a copy of the conflicts of interest policy;
- b. Has read and understands the policy;
- c. Has agreed to comply with the policy, and
- d. Understands the Network is charitable and in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

The signed statements will be reviewed upon receipt by the Officers and Executive Director of the Network.

#### **Article VII Periodic Reviews**

To ensure the Network 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:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining;
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Network'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.

#### **Article VIII**

##### **Use of Outside Experts**

When conducting the periodic reviews as provided for in Article VII, the Network may, but not need to, 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.