

THE  
HELEN KATE FURNESS  
FREE LIBRARY

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## **Conflict of Interest Avoidance Policy**

### **Background**

Uniform Guidance (“UG”) requires organizations to adopt strong policies preventing organizational and individual conflicts of interest, which are used to protect the integrity of procurements under federal awards and subawards. The conflict of interest avoidance guidance was expanded from the existing language in OMB Circular A-102 to include a provision for organizational conflict of interest.

Some of the required provisions include the following:

1. Entity must maintain written standards of conduct covering conflicts of interest.
2. Govern the actions of its employees engaged in the selection, award, and administration of contracts.
3. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest.
4. Generally, the officers, employees, and agents of the organization may not solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts.
5. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents.
6. If the organization has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe, the organization must also maintain written standards of conduct covering organizational conflicts of interest.

### **Purpose**

The purpose of this policy is to protect the Helen Kate Furness Free Library’s (the “Library”) interests when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a board member, officer, member of a committee with board-delegated powers, or employee who is considering a proposed transaction or arrangement for the Library; 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 governmental, nonprofit, or charitable organizations.

### **Definitions**

1. Contract — An arrangement for the acquisition or use by the Library of services, supplies, materials, equipment, land, or any other personal or real property.
2. Interested Person — Any board member, officer, or member of a committee with board-delegated powers, or Library employee who is considering a proposed transaction

or arrangement who has a direct or indirect financial interest, as defined below, is an interested person.

3. 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 Library has a transaction or arrangement;
  - b. A compensation arrangement with the Library or with any entity or individual with which the Library has a transaction or arrangement; or
  - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Library is negotiating a transaction or arrangement.
4. Compensation — Direct and indirect remuneration as well as gifts, gratuities, or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under the instructions below “Determining Whether a Conflict of Interest Exists,” a person who has a financial interest may have a conflict of interest only if the appropriate board or committee decides that a conflict of interest exists.

### **Ethical Guidelines**

Each board member, officer, or member of a committee with board-delegated powers, or Library employee is expected to perform his or her duties in accordance with the law and the highest ethical standards. As a board member, officer, or member of a committee with board-delegated powers, or Library employee, you, or any member of your family, are prohibited from having a financial interest in any contract with the Library in which you are employed or influencing, or attempting to influence, the making of any contract in which you have a financial interest.

### **Acceptance of Gifts, Gratuities, or Favors**

No board member, officer, or member of a committee with board-delegated powers, or Library employee, any member of his or her immediate family, or any business in which he or she has a principal interest, shall accept any gift, gratuity, or favor from any source doing or seeking to do business with the Library or attempting to influence the judgment of such employee or official.

Board members and Library employees, as well as their immediate family members, may not solicit or accept personal gifts, favors, benefits, or business courtesies from outside entities, vendors, or business associates, because doing so may constitute an actual or perceived conflict of interest. Board members and employees are deemed to have received a “gift” when an item of \$100 or more in value is given to them personally, to their designee or to their family member for their benefit.

This policy is not intended to prohibit a board member, officer, or member of a committee with board-delegated powers, or Library employee, or members of their families, while in attendance at a conference or gathering of a statewide or regional association of such people, from accepting meals and hospitality from sponsoring entities, provided all persons in attendance at such conference or gathering are invited to attend or participate in the sponsored activity.

### **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 material facts to the board, officers, or members of committees with board-delegated powers who are considering the proposed transaction or

arrangement. In the case of a Library employee, the matter shall be referred to the board for decision following the procedures listed below.

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 or she shall leave the 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: An interested 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.
  - a. The chairperson of the board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement. In the case of Library employees, the matter shall be referred to the board for decision.
  - b. After exercising due diligence, the board or committee shall determine whether the Library 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.
  - c. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the board or committee shall determine by a majority vote of the disinterested board members whether the transaction or arrangement is in the Library's best interest, for its own benefit, and whether it is fair and
4. Violations of the Conflicts of Interest Policy:
  - a. If the board or committee has reasonable cause to believe an individual has failed to disclose actual, or possible conflicts of interest, it shall inform the individual of the basis for such belief and afford the individual 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 board or committee determines the individual has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.
  - c. Violations of this policy may result in disciplinary action, up to and including discharge, and possible prosecution. Disciplinary actions shall be consistent with board policies, procedures, and state and federal laws.
  - d. In the event an investigation determines that a violation of this policy has occurred involving a federal award, the violation shall be reported in writing to the federal awarding agency in accordance with that agency's policies.

## **Records of Proceedings**

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

1. 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 board's or committee's decision as to whether a conflict of interest in fact existed.

2. 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.

### **Compensation**

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

### **Conflict Of Interest Statements**

Upon beginning his or her board tenure, joining a committee for non-board committee members, or upon beginning his or her employment, each board member, officer, member of a committee with board-delegated powers, and Library employee who considers proposed transactions or arrangements shall annually sign a statement which affirms such person: (Form for Conflict of Interest statement is included below.)

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 Library is either a government agency or 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.

## **Conflict of Interest Policy Acknowledgment:**

Date: \_\_\_\_\_

I have read and understand the Helen Kate Furness Free Library's Conflict of Interest Policy. As a board member, principal officer, or member of a committee with board-delegated powers, or a Library employee who considers transactions or arrangements for the Library, I understand that this Conflict of Interest Policy applies to me.

I understand that I am expected to conduct business in accordance with the letter, spirit, and intent of all relevant conflict of interest laws and the Conflict of Interest policy and to refrain from any illegal, dishonest, or unethical conduct. I understand that if a situation arises where it is difficult to determine the proper course of action, the matter should be discussed openly with the board and/or with the chair or his or her designee (such as the Library director) for advice and consultation. Furthermore, I understand that this document can be amended at any time.

In addition, I recognize the need to maintain confidentiality regarding information I might receive as a board member, officer, member of a committee with board-delegated powers, or Library employee regarding Library customers, donors, donations, and other activities of the Helen Kate Furness Free Library.

<b>Signature</b>	<b>Printed Name</b>	<b>Date</b>