

BRIDGELAND RIVERSIDE COMMUNITY ASSOCIATION

TO All BRCA Participants

SUBJECT **CONFLICT OF INTEREST POLICY**

EFFECTIVE DATE November 1, 2016

## POLICY CONTEXT

### BRIDGELAND RIVERSIDE COMMUNITY ASSOCIATION BYLAWS, ARTICLE 6.9:

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*A conflict of interest occurs when a Director or someone with a close relationship to the Director may benefit indirectly or directly as a result of a pending decision. A Director of the Association should disclose fully the nature and extent of any potential or present conflict of interest. A Director of the Association who has an interest in a tender or contract to be submitted to the Association shall immediately resign from the Board.*

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“Conflict of Interest” adapted from Great Boards Plain & Simple (Silver Creek Press, 2003) – Federation of Calgary Communities (2015):

1

Conflict of interest is a specific issue under a broader topic of Board liability. Board members owe the organization a duty of loyalty, placing the interest of the organization above other interests. Conflict of interest breaches this duty of loyalty. Likewise staff members who are in decision making roles may also occasionally find themselves in a conflict of interest situation.

There is a conflict when:

- A Board or Staff member’s self-interest, or potential for personal or financial gain, conflicts with their duty to act in the best interest of the organization.
- A Board or Staff member’s interest in a business corporation, or other organization, conflicts with their duty to act in the best interest of the organization.
- The benefit to the Board or Staff member may be financial, but could also be a gain in reputation, or a more favourable position of some kind. As well, there may be a conflict of interest when immediate family of a Board or Staff member gains some benefit.
- The Board should be concerned about the appearance of conflict and not just about whether there is an actual conflict. The Board has a responsibility to protect the image and reputation of the organization.

“Basic Conflict of Interest Guidelines”, a tool provided by the Federation of Calgary Communities, excerpted from

Gill, M., *Governing for Results: A Director's Guide to Good Governance* (Ottawa: Trafford Publishing, 2005).

Board members are considered to be in a conflict of interest under the following circumstances:

- when they—or when members of their family, business partners, or close personal associates—could personally or professionally benefit, directly or indirectly, financially or otherwise, from their position on the board;
- when they use their position on a board to the disadvantage or detriment of a third party;
- when they solicit or obtain preferential treatment related to services received from or rendered to the corporation, including contracted work, employment, or honoraria;
- when circumstances arise that compromise, or appear to compromise, the ability of board members or staff to make unbiased decisions;
- when they appropriate financial or other resources for personal use (e.g., information, property, equipment, supplies, transportation, training);
- when they seek, accept, or receive material personal benefit from a supplier, vendor, individual, or organization doing or seeking business with the corporation;
- when they are involved in the contracting, employment, supervision, grievance, evaluation, promotion, remuneration, or firing of a family member, business associate, or friend of the director;
- non-pecuniary interests may present a moral conflict of interest, if not a legal conflict.

Board members may create a moral conflict under these circumstances:

- when their personal interests conflict with the interests of members or clients or are otherwise adverse to the interests of the corporation;
- when their membership on the board or staff of another organization could create interests that conflict with the interests of the corporation or its clients and where their activities on one board might materially affect their capacity on another board.

## MANAGING CONFLICT OF INTEREST

Even with the best policies and practices, conflict of interest issues will arise and need to be managed. Below are some principles and procedures for managing conflicts of interest drawn from my own experience and reader responses:

- Board members should disclose conflicts of interests early and often.
- Conflict of interest should be a regular item on every board agenda and periodically discussed by the whole board.
- In cases where a board member may not perceive that a conflict of interest exists, it is the responsibility of other board members who are aware of a real, potential, or perceived conflict of interest on the part of a fellow board member to raise the issue.
- If the board is contemplating a financial transaction with a board member, the process should be conducted through a fair and open process in which board members who have no personal or business interests in the matter make the final decision about awarding contracts.
- Finally, the organization should report annually (for example, on its Web site or in its annual report) any conflict of interest disclosures and their disposition in relation to any financial transactions.

## POLICY STATEMENT

### APPLICATION AND GUIDING PRINCIPLES

This Policy applies to all Directors of the Board of the Bridgeland Riverside Community Association.

It also applies to all non-Director staff members and other delegates (including committee members and volunteers) who do work for BRCA under the Board's direction.

Each person to whom this Policy applies is called a **BRCA Participant** in this Policy.

As an aspect of each Board member's fiduciary duty, each Board member is obligated always while conducting BRCA business or while representing BRCA to make decisions and to act while considering exclusively the best interests of BRCA as a society. The Board holds its staff members and other delegates to this same standard.

A Conflict of Interest necessarily interferes with a BRCA Participant's ability to act and make decisions in accordance with the required standard for one of two reasons: first, because if the Conflict of Interest *actually inhibits* the governing best-interests standard, then the standard cannot be met by definition; or, second, if the Conflict of Interest is one that the BRCA Participant might, as an individual, be capable of overcoming (*e.g.* by setting aside and disavowing personal considerations in favour of the society's best interests), the result for BRCA in such a case would nevertheless leave the society condoning the *appearance of conflict* within its operations. BRCA's effectiveness as a neighbourhood community association depends upon its ability to build and maintain a good reputation with its Members, with The City of Calgary, and with other stakeholders, such that BRCA does not condone at any material level the *appearance of conflict* within its operations.

### DEFINITION OF CONFLICT

Within this policy, a **Conflict of Interest** exists when there is either an *actual conflict* (including a potential conflict) or the *appearance of conflict* as between the Personal Interests of the BRCA Participant and the best interests of BRCA.

**Personal Interests** means not just the BRCA Participant's own interests, but also the interests of the BRCA Participant's family members, close personal friends and associates, and any entity such as a corporation in which the BRCA Participant has a material interest by way of other board position, employment, shareholding, or otherwise.

#### Examples

Generic examples of Conflict of Interest situations include the following (the list is not exhaustive):

- there is a Personal Interest that will or could result in identifiable personal or financial gain
- there is a Personal Interest in terms of receiving a direct or indirect benefit of some kind or some direct or indirect preferential treatment
- there is a Personal Interest in the form of known bias
- there is a Personal Interest involving duties owed to, or the interests of, a third party
- there is a Personal Interest involving reputational or professional gain or the obtaining of a more favourable position of some kind
- there is a Personal Interest in terms of benefits or opportunities being redirected

Specific examples of Conflict of Interest situations include the following (the list is not exhaustive):

- Any **direct contracting relationship** (including any bid or opportunity) between BRCA and involving a BRCA Participant
- Any **involvement between a BRCA Participant and a vendor or other supplier** to BRCA by means of which some direct or indirect benefit would or could be received by the BRCA Participant
- The **receipt of gifts or other perquisites** by a BRCA Participant from anybody having business with BRCA
- By reason of a **BRCA Participant's personal and professional circumstances** (e.g. as a lawyer, doctor, architect, realtor, property developer, etc.), the deviation or redirection of BRCA-related issues for personal gain (e.g. obtaining a client by reason of business brought before BRCA)
- A **BRCA Participant being involved in another capacity** in business brought before BRCA in some fashion (e.g. a BRCA Participant who is a business owner and who may bring planning issues forward in that capacity; a BRCA Participant who is a realtor or property developer with active projects in the neighbourhood; a BRCA Participant who is a vendor of services required by BRCA itself or by others with whom BRCA deals, and who can use the forum of BRCA to advance such interests)
- A **BRCA Participant deriving personal reputational advantages** (as distinct from BRCA reputational advances) by reason of participating in BRCA (e.g. BRCA being used as a springboard for political aspirations; those involved in land development being "known to City Hall", etc.)

## PROCEDURE FOR MANAGING CONFLICTS

1. A Conflict of Interest must be disclosed by a BRCA Participant forthwith upon it arising.
2. Meeting agendas for the Board of Directors of BRCA and for its delegates (e.g. committees) will always include an item inviting BRCA Participants to identify any Conflict of Interest that has arisen or that is posed by agenda items.
3. Any identified Conflict of Interest will be minuted.
4. The BRCA Participant affected by a Conflict of Interest will be recused from the business implicated by such Conflict of Interest.
5. Conflict of Interest issues will be discussed in camera from the affected BRCA Participant.
6. Where the Conflict of Interest issue concerns isolated business or is less substantial (e.g. as may be the case concerning isolated instances of appearance of conflict), it may be sufficient for the BRCA Participant simply to remain recused and uninvolved in such business as a remedy, or the Board or affected Committee may consider other responsive remedies.
7. Where the Conflict of Interest issue raises a systematic or pervasive concern, the Board may define appropriate remedies up to and including the termination of the BRCA Participant's involvement in BRCA business, or as may otherwise be required by the bylaws.
8. The failure of an implicated BRCA Participant to disclose a Conflict of Interest forthwith (and typically in advance) will generally be considered grounds for the termination of the BRCA Participant's role in BRCA, or as may otherwise be required by the bylaws.
9. At least annually, BRCA Participants will complete the attached "Conflicts of Interest – Profile Form" for consideration by the Board.

# CONFLICT OF INTEREST POLICY FORM

## DEMOGRAPHICS

Name		
Residential Address		
Occupation		
For how long and in what capacity(ies) have you been involved in BRCA?	For how long have you lived in Bridgeland Riverside?	When did you first become a Member of BRCA?

## VENDOR ISSUES / GOODS & SERVICES

Do you directly or indirectly provide goods and/or services as part of your work?	<input type="checkbox"/> Yes <input type="checkbox"/> No	If yes, please describe.
Does any member of your immediate family directly or indirectly provide goods and/or services as part of their work?	<input type="checkbox"/> Yes <input type="checkbox"/> No	If yes, please describe.
Have you or do you presently conduct business in the neighbourhood	<input type="checkbox"/> Yes <input type="checkbox"/> No	If yes, please describe.
Were you involved in BRCA at the time?	<input type="checkbox"/> Yes <input type="checkbox"/> No	If yes, please describe.
Was the resulting conflict of interest formally minuted or documented?	<input type="checkbox"/> Yes <input type="checkbox"/> No	If yes, please describe.
Have you or do you presently own real estate in the neighbourhood (apart from your personal residence)?	<input type="checkbox"/> Yes <input type="checkbox"/> No	If so, please identify.

# CONFLICT OF INTEREST POLICY FORM

## PROFESSIONAL / REPUTATIONAL ISSUES AND ADVANTAGES

Via your work with BRCA, do you interact with people (e.g. at City Hall, representatives of vendors) with whom you also interact for other reasons, including your employment?

- Yes  
 No

If yes, please describe.

Have you ever secured any work or opportunity directly or indirectly by reason of your participation with BRCA (e.g. obtaining a client whom you first met via BRCA business)?

- Yes  
 No

If yes, please describe.

Was the resulting Conflict of Interest formally minuted or documented?

- Yes  
 No

If yes, please describe.

## GIFTS ETC.

Have you received any gifts, perquisites, or other favourable treatment from any person or business who has current or former business with BRCA?

- Yes  
 No

If yes, please describe.

## OTHER ROLES

Do you presently have other roles or responsibilities not identified above? (e.g. membership in other societies, on boards, tribunals, etc.)

- Yes  
 No

If yes, please describe.

If you have other roles, does the business transacted overlap or potentially overlap with business that is or may be conducted by BRCA?

- Yes  
 No

If yes, please describe.

**DATE**

**SIGNATURE**