

South Dakota Music Educators Association Board

Conflict of Interest Policy

Adopted: January 10, 2009

Explanation of Conflicts of Interest

For Board members of nonprofit organizations, conflicts of interest occur whenever a board member acts in a position of authority on an issue in which they have financial or other interests. In other words, when there is a dual interest or the appearance of a dual interest for any board member, the potential for a conflict of interest exists. For example, directors of agencies could be in conflict of interest if they offer services to the organization on whose board they serve even if the charge for these services is at or below the market value. Similarly, if a board member contemplates purchasing or leasing property that the organization may wish to purchase, the board member may be placed in a conflict of interest situation.

In cases of potential conflict of interest, Board members must act to preserve and enhance public trust in the organization by putting the interests of the organization ahead of all other business and personal interests. In addition to the public's sensitivity to self-dealing, activities that appear to have a conflict of interest can be the basis for lawsuits against the directors and officers.

When Board members are confronted with an actual or apparent conflict of interest, there are reasonable steps that the organization can take to preserve its integrity. Board members need not be disqualified from boards simply due to conflicts of interest. Perhaps the most important step is for Board members to disclose information related to the possibility of dual interests to others on the board. Minimally, the Board member needs to inform the board of the important facts and details and must abstain from voting on the transaction. These actions should be recorded in the minutes to document the disclosure.

Board Members' Code of Conduct (Courtesy of Carver Governance Design, Inc.)

The Board expects ethical and businesslike conduct from itself and its members. This commitment includes proper use of authority and appropriate decorum in group and individual behavior when acting as members of the Board.

1. Board members must avoid engaging in transactions with SDMEA from which the board member will benefit.
 - There must be no self-dealing or any conduct of private business or personal services between any Board member and SDMEA except as procedurally controlled to assure openness, competitive opportunity and equal access to otherwise "inside" information.
 - Board members must not use their positions to obtain, for themselves or for other family members, employment within SDMEA.
 - Should a Board member be considered for employment, s/he must withdraw from the Board if Directors prior to the consideration of his/her candidacy by the hiring authority.
2. Board members have an absolute duty of complete, undivided loyalty to SDMEA.
 - This duty supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other boards or staffs.
 - This duty supersedes the personal interest of any board member acting as an individual consumer of SDMEA's services.
3. Board members may not attempt to exercise individual authority within SDMEA except as explicitly authorized by the Board or set forth in Board policies.
 - Board members' interaction with the executive director or with staff must recognize the lack of authority in any individual director or group of directors except as noted above.
 - Board members' interaction with the public, press or other entities must recognize the same limitation and the inability of any director or directors to speak for the Board unless specifically authorized to do so.
 - Board members will confine their public assessment of the performance of the executive director or staff to the official process outlined in the Board's policies.
4. Board members will deal with outside entities or individuals, with clients and staff and with each other in a manner reflecting fair play, ethics and straight forward communication.

5. Examples of conflicts of interest to be avoided:
- Presenting a session at the SDMEA conference (during your term on the SDMEA Board) representing a company which is paying you for your services, or with which you have a financial stake.
 - Using your board position to influence membership consumer activities (i.e. "as SDMEA president, I endorse *ABC Company* oboe reeds as the product of choice").

Resolution Conflict of Interest Policy (Courtesy of Management Assistance Project for Nonprofits)

The board shall not enter into any contract or transaction with (a) one or more of its Board members, (b) a director of a related organization, or (c) an organization in or of which a member of the SDMEA Board is a director, officer, or legal representative, or in some other way has a material financial interest unless:

1. That interest is disclosed or known to the SDMEA Board.
2. The SDMEA Board approves, authorizes or ratifies the action in good faith.
3. The approval is by a majority of board members (not counting the interested director).
4. At a meeting where a quorum is present (not counting the interested director).

The interested Board member may be present for discussion to answer questions, but may not advocate for the action to be taken and must leave the room while a vote is taken. The minutes of all actions on such matters shall clearly reflect that these requirements have been met.

Board Members Annual Statement Concerning Possible Conflict of Interest

The undersigned person acknowledges receipt of a copy of the SDMEA "Resolution Concerning Conflict of Interest". By my signature affixed below I acknowledge my agreement with the spirit and intent of this resolution and I agree to report to the President of South Dakota Music Educators Association any possible conflicts (other than those stated below) that may develop before completion of the next annual statement.

_____ I am not aware of any conflict of interest.

_____ I have a conflict of interest in the following area(s)

Signed _____

Print name _____

Date _____