

Conflict of Interest

Article I Purpose

The purpose of this Conflict of Interest Policy is to protect the tax-exempt Friends of the Pamlico County Public Library (a.k.a., the organization) interests when it contemplates entering into actions or arrangements that might benefit the private interest of an officer or director of the organization or might result in a possible excess benefit transaction. This policy supplements but does not replace any state and federal laws governing conflicts of interest applicable to non-profit and charitable organizations.

Article II Definitions

1. **Interested Person.** Any officer, director, or person exercising delegated authority as described in Article III, Section 2, who has a direct or indirect Financial Interest, as defined below, is an Interested Person for purposes of this policy.
2. **Financial Interest.** A person has a Financial Interest if the person has, directly or indirectly, through business, employment, investment, or family:
 - a. An ownership or investment interest in any entity with which the organization has or proposes to have a transaction or arrangement,
 - b. A compensation arrangement with the organization or with any entity or individual with which the organization has or proposes to have a transaction or arrangement, or
 - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the organization has or proposes to have a transaction or arrangement.
 - d. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial

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 material facts to the directors 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. If the Board deems it appropriate, the chairperson of the Board shall appoint a disinterested person or committee to investigate alternatives to a relevant proposed transaction or arrangement.

3. Procedures for Addressing the Conflict of Interest.

- a. After exercising due diligence and receiving the report of that person or committee, the Board shall determine whether the organization can obtain with reasonable efforts a more advantageous transaction or arrangement with a person or entity that would not give rise to a conflict of interest
- b. If a more advantageous transaction or arrangement is not reasonably possible under circumstances that do not produce a conflict of interest, the Board shall determine by a majority vote of the interested Board members whether the transaction or arrangement is in the organization's best interest, for its own benefit, and whether it is fair and reasonable, which findings shall govern its decision whether to enter into the transaction or arrangement.

4. Violations of the Conflict of Interest Policy. If the Board has reasonable cause to believe an officer or board member has failed to disclose an actual or possible conflict of interest, it shall inform the person of the basis for such belief and afford her or him an opportunity to explain the alleged failure to disclose. If, after hearing the person's response and after making further investigation as warranted by the circumstances, the Board determines that the person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

5. Committee and Persons Exercising Delegated Authority. The procedures and requirements of this Policy applicable to the actions, meetings and members of the Board of Directors, and officers, also shall apply to any committee exercising delegated power of the Board of Directors, and any person exercising the delegated power of an officer, respectively.

Article IV Records of Proceedings

The minutes of the governing 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, actions taken to determine whether a conflict of interest was present, and the Board'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 relevant transaction, arrangement or appeal, any alternatives discussed, and a record of the individual votes cast in connection with the conflict of interest proceedings.

Article V Compensation

An officer or director who receives compensation, directly or indirectly, from the organization for services may not vote on matters pertaining to that person's compensation; but is not prohibited from providing information to the Board, or any of its committees, regarding compensation.

Article VI Annual Statements

Each officer and director shall sign a statement annually which affirms that such person has received a copy of this policy, has read and understands this policy, and understands that the organization maintains not-for-profit and tax-exempt status, and must engage primarily in activities which accomplish its permitted exempt purposes.

Article VII Periodic Reviews

To ensure that the organization operates in a manner consistent with its non-profit purposes and its status as an organization exempt from federal income tax, the Board shall authorize and oversee periodic reviews on at least an annual basis of the administration and continuing suitability of, this conflict of interest policy.