



## Noralta Skating Club

### Conflict of Interest for Directors, Committee Members & Staff

#### I. Preamble

This Policy has been developed to address the need for Noralta Skating Club to avoid conflicts of interest at all levels of operation, including the actions of the organization as a whole, decisions of committees and the Board, and the work of the professional staff.

The Noralta Skating Club Conflict of Interest Policy is part of the overall code of ethics and position descriptions for the directors, committee members and trustees who are involved in Noralta Skating Club.

#### II. Application of the Policy

This Policy applies to:

- every member of the Board of Directors
- every member of any committee (which includes sub-committees and task forces).
- all staff

This Policy applies regardless of whether the director or committee member or staff is an employee, coach, athlete, or volunteer.

#### III. General Obligations of Directors, Committee Members and Staff

Understanding conflict of interest requires some understanding of the general duties of directors, committee members, and staff.

Directors, committee members and staff owe a duty of good faith, skill, and care to their position.

Generally, directors, committee members and staff must, at all times:

- 1) Act honestly and in good faith, in the best interests of the organization.
- 2) Exercise their powers properly, and their discretion reasonably.
- 3) Exercise their powers and discretion for the purpose for which they are conferred.
- 4) Avoid conflict of interest.

**The Duty to Act Honestly and in Good Faith** - Acting honestly and in good faith means that the director, committee member or staff is not seeking to gain an advantage for him or herself, or for someone else; is not intending to deceive anyone, and is not blindly following the lead of others on the Board or the committee.

**The Duty to Properly Exercise Powers** - Properly exercising powers conferred on the director, committee member or staff, means the person is not acting upon some personal “hidden agenda”, but is exercising his or her powers for legitimate purposes, which serves the best interests of the organization.

**The Duty to Avoid Conflicts of Interest** - Conflict of interest arises when a person has (or could have) divided loyalties. Directors, committee members and staff owe the organization their undivided loyalty. Therefore, they need to be conscious of the potential for conflict of interest, and they need to act with candor and care in those situations.

“Avoiding” conflict of interest does not mean that a director, committee member or staff will never be in a conflict of interest position - it means that when the person is (or could be) in a conflict of interest position, the situation is recognized and properly handled.

It is important to remember that conflicts of interest arise naturally, and often, in ordinary circumstances. There is nothing inherently wrong or illegal about the mere existence of a conflict of interest involving a director, committee member or staff. The mere existence of a conflict of interest does not automatically reflect badly on the integrity of the director, committee member, staff, or the integrity of the Board or the committee.

Conflicts of interest only become problematic if the director, committee member, staff, or the Board or committee, fail to recognize the conflict of interest, or fail to deal with the situation properly.

Avoiding a conflict of interest, in the narrow sense, means putting the duty to the organization, ahead of any other interest or duty.

Generally, a conflict of interest in this narrow sense arises when the director, committee member or staff (or a person, company, or group associated with the director, committee member or staff) wants to obtain some benefit (financial, professional, personal, or otherwise) from the organization.

Avoiding a conflict of interest, in the broader sense, means that the director, committee member or staff must assess his or her views and proposals in light of their benefit to the organization. Every Board or committee member should contribute his or her unique skills and perspective, and his or her honest views, to any Board or committee discussion. However, when it comes to decision-making, the person’s actions will be judged in terms of the benefit to the organization as a whole.

For example, a committee member who is a coaching representative is entitled - and expected - to bring the coaching perspective to the table. However, when that member is called upon to make a committee decision, he or she must give priority to the best interests of the organization as a whole, even if that means the decision being made is not in the best interests of the coaching “constituency”.

**Need to Avoid both Actual and Perceived Conflicts of Interest** - A conflict of interest may be actual and obvious. Most commonly, this will arise when the director, committee member or staff has a material interest in a proposed contract or transaction to which the organization may be a party.

This material interest may arise directly because the director, committee member or staff is personally involved with the contract or transaction. Or, the material interest may arise more indirectly, because the director, committee member or staff has an employment or investment relationship with the entity dealing with the organization, or because of some family or other personal relationship.

Material interest is generally interpreted to mean an interest, which is sufficient to result in some benefit - even a minimal one - to the director, committee member or staff. Usually, although not always, that benefit is (directly or indirectly) a financial one.

#### **IV. AWARENESS**

All directors, committee members and staff must be vigilant to identify:

- 1) Whether they have any material interest in the contract or transaction which is being considered by the Board or the committee (“legal conflict of interest”).
- 2) Whether, even if there is no legal conflict of interest, there is some other factor which does, or could, prevent them from exercising objective judgment (“potential conflict of interest”).
- 3) Whether, even if there is no potential conflict of interest, there is some other factor which might give an objective outside observer a reasonable basis to perceive that the director, committee member or staff might not exercise objective judgment (“reasonably perceived conflict of interest”).

#### **V. DISCLOSURE**

**Generally** - A director, committee member or staff who is employed by, performing services for or has a financial interest in any business enterprise doing business with or seeking to do business with Noralta Skating Club, has a general and ongoing duty to disclose that interest in writing to Noralta Skating Club.

**Legal Conflict of Interest** - Where a director, committee member or staff has a legal conflict of interest, the person must disclose that interest as soon as possible to Noralta Skating Club and submit it to:

- a) the President of the Board or his/her designate (in the case of directors and staff)
- b) the Committee Chair (in the case of committee members)
- c) the Executive Committee (in the case of a President of the Board).

The nature of the interest must be disclosed in sufficient detail to allow the other directors, committee members or staff to understand what the interest is and how far it goes.

In some cases, the director, committee member or staff may have a legal conflict of interest but be unable, because of duties to others, to disclose the full nature of the interest. In that case, the person must still submit in writing the conflict of interest, and at least disclose that an unidentified interest exists.

**Potential or Perceived Conflict of Interest** - Where a director, committee member or staff has a potential conflict of interest, or there is some basis for a perceived conflict of interest, the person must at least disclose that interest to the Board or the committee, in sufficient detail to allow the other directors, committee members or staff to understand what the interest is and how far it goes.

The Chair of the Board or the committee may then require the director, committee member or staff to submit in writing a Conflict of Interest to the President of the Board or his/her designate (in the case of directors and staff), to the Committee Chair (in the case of committee members), or to the Executive Committee (in the case of a President of the Board).

## **VI. OBJECTIVE REVIEW**

Objective review means that only those directors, committee members or staff who are objective and disinterested can participate in a decision being made by the Board or committee.

When a director, committee member or staff:

- a) Has disclosed a conflict of interest in a matter.
- b) Is found, as a result of the Resolution Process, to have a legal, potential or reasonably perceived conflict of interest in a matter.

Then that director, committee member or staff is not “disinterested” and must not participate in or influence the discussion, debate, or vote relating to the matter.

Where a decision/direction(s) regarding the conflict of interest is obtained under the Resolution Process, the decision/direction(s) must be implemented.

In many circumstances, it will be appropriate that the director, committee member or staff who has the conflict of interest physically removes him or herself from the room, while the particular matter is being discussed, debated and voted upon.

The minutes of the Board or committee meeting should record the director’s, committee member’s or staff’s absence from the discussion and debate, and his or her abstention from any related votes (or compliance with the decision/directions obtained under the Resolution Process, as the case may be).

## **VII. RESOLUTION OF DISPUTES**

The awareness and disclosure rules must always be followed. However, Noralta Skating Club recognizes that it is not always clear whether a particular fact situation does or does not amount to a legal, potential, or a reasonably perceived conflict of interest. In addition, it is not always clear what steps should be taken to deal with the conflict of interest.

In such cases, once a dispute about a possible conflict of interest arises, the applicable Resolution Process (see Conflict Resolution Committee) should be initiated as soon as possible to determine what actions should be taken to address the possible conflict. The time frames to be followed must be reasonable, in all the circumstances.

If a resolution is not possible, then Skate Canada’s Resolution Policy comes into effect (By-law 1402 (2) (d) 7.2).

I \_\_\_\_\_ have read and fully understand the Conflict of Interest Policies and agree to adhere to all policies at all times.

\_\_\_\_\_  
Board Member/Committee Member/Staff Name (please print)

\_\_\_\_\_  
Board Member/Committee Member/Staff Signature

\_\_\_\_\_  
Date