

**LOCAL SERVICES BOARD OF LORING, PORT LORING AND DISTRICT**  
**PO Box 148, Port Loring, Ontario P0H 1Y0**

**Bylaw 2016-23:**

**The Board Members of the Local Services Board of Loring, Port Loring and District enact as follows:**

**A bylaw to:**

**1. Govern Conflicts of Interest, Confidentiality and Transparency.**

**2. CONFLICT OF INTEREST**

**OBJECTIVE:**

The Local Services Board is entrusted with the ethical management of private and public monies. The integrity of the Board depends on the ethical behavior of its members and on fair, well-informed decision making. The Local Services Board recognizes that the ability to make a decision is sometimes affected by other interests (personal or professional) of individuals who volunteer or serve on the Board. It also recognizes that conflict of interest situations are a part of organizational and personal life and cannot simply be eliminated. The objective of this policy is to permit the Local Services Board to manage conflict of interest of situations successfully and resolve them fairly.

**SCOPE:**

This policy applies to all members of the Local Service Board, any of its contract or paid staff, and its volunteers.

**DEFINITION:**

A conflict of interest is a situation in which a person has a private or personal interest sufficient to appear to influence the objective exercise of his or her official duties with the Local Services Board.

"Private or personal interest" refers to an individual's self-interest (for example, to achieve financial profit, avoid loss, or to gain special advantage or avoid a disadvantage); the interests of the individual's immediate family or business partners; or the interests of another organization in which the individual holds a position (volunteer or paid).

"Objective exercise of duties" refers to an individual's ability to carry out his or her responsibilities in the best interest of the Local Services Board. A Board member, employee or volunteer of the Local Services Board may be in a conflict of interest situation that is actual (where his/her official duties are or will be influenced by the person's private interests);

perceived (where the official duties appear to be influenced by the person's private interests); or foreseeable (where the person's official duties may be influenced in the future by his/her private interests).

### **RESPONSIBILITIES:**

Members of the Local Services Board, staff and volunteers are responsible for managing conflict of interest situations in order to ensure that workplace behavior and decision-making are not influenced by conflicting interests.

The Local Service Board supports an organizational culture in which people freely take responsibility for both "self-declaring" possible conflicts of interest, and respectfully raising possible conflicts faced by others in the organization. This culture makes it possible to avoid many such situations from arising in the first place.

### **RESPONSIBILITY FOR MANAGING:**

Where prevention is not the solution, conflict of interest situations must be managed. Here are the steps to be taken by those involved in such situations:

1. Declare it. Ensure transparency by self-declaration, and by making sure that a record of the declaration is made.
2. Discuss it. In a doubtful situation, take a moment for a quick word with the Chair of your meeting, or a full discussion with the group, if the situation warrants it.
3. Deal with it. Measures to mitigate or eliminate a conflict of interest will depend on what is appropriate to the severity of the situation.

Options include:

- a. Restrict the involvement of the individual. For example, withdraw from decision-making. This would not be appropriate if the conflict of interest arises frequently, or if the individual cannot be separated from parts of the activity.
- b. Recruit a third party to assist. For example, ask a disinterested party to sit on a hiring board. There will be situations where no appropriate third party is available.
- c. Remove the individual from affected duties. When restrict and recruit are not suitable options, the individual with the conflict may be removed from duties related to the conflict.
- d. Relinquish the private interest. In cases of serious conflict, the individual may choose to drop the private interest, such as membership on the Board of another organization, which is causing the conflict.

- e. Resign from the official duties. In serious cases where other solutions are not possible, the individual may have to resign from the position creating the conflict.
4. Document what has been done. Board minutes, correspondence to interested parties, or other documentation will provide a record of steps taken.

#### **POLICY APPLICATION:**

This policy must be explained to all new Board members, staff and volunteers. All persons must agree in writing, at the outset of taking a position or volunteering with the Local Services Board, that they will abide by this policy.

Every Board member, staff and volunteer is responsible for his or her own conflict of interest situation through:

1. Awareness of the policy
2. Self-declaring potential problems to the Board
3. Respectfully identifying potential problems of other Board, staff or volunteer members
4. Undertaking follow-up action determined by the LSB
5. Making disclosures when circumstances change significantly

Non-compliance with this policy on the part of the Local Service Board members, staff or volunteers shall constitute cause for removal from the Board. They should take any questions in this regard to their Committee Chair. Committee Chairs (who act as coordinators for their volunteers) will apply the policy to them under the general direction of the Local Services Board.

The Local Services Board recognizes the importance of protecting the Board while preserving the rights of Board members, staff and volunteers to participate as private citizens in the life of our community.

### **3. CONFIDENTIALITY AND TRANSPARENCY**

Nonprofit organizations are expected to function in a transparent manner, but if you are supposed to function in an open manner, how can you keep information confidential? It helps to understand the difference between the two terms and how they relate to each other.

Transparency is the disclosure of information to the public and supporters to indicate the organization is managed well, functions in an ethical manner, and handles its finances with efficiency and responsibility. It's part of your duty of obedience.

Confidentiality is the obligation and right not to disclose information to unauthorized individuals, entities, or processes if it could harm the organization, its business relationships, or an individual. It's part of your duty of loyalty.

We are all constantly aware as board members that our stakeholders – our clients, the government, the sector – want and expect transparency from our organization.

IF any information is released without approval of the full Board it raises expectations that all information is fair game for public knowledge at all times. It is not.

But transparency does not, and should not, extend to boardroom decision making. ~~ESB Board~~ and Committee discussions are confidential. Period. There are exceptions for topics of extreme confidentiality such as legal and personnel issues. Our board must have a rigorous confidentiality policy that board members agree to and adhere to without exception.

Why is confidentiality so critical? Board members must feel at liberty to express their ideas and opinions in an open and welcoming atmosphere, and nothing chills candor like the fear that one's words will be repeated (or worse, misquoted) outside the boardroom. The only way your board can transform your organization is if it feels free enough to discuss the big, audacious issues...to dare to dream...and to challenge each other's assumptions about how much you can achieve.

Look at this way: A strict adherence to transparency and disclosure ensures that your board is firmly grounded in compliance with the law, while a culture of confidentiality ensures your board has the freedom to soar as far and as high as it may.

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**4. Acknowledgement Regarding Conflict of Interest, Confidentiality and Transparency**

Local Services Board of Loring, Port Loring and District acknowledges that:


- (1) I have read the relevant Local Service Board policy document related to conflict of interest, confidentiality and transparency.
- (2) I must adhere to the highest level of conduct in carrying out my duties and responsibilities as a member/staff/volunteer to this Board, including acting honestly, in good faith and in the best interests of the Local Service Board, and disclosing all conflicts of interest as they exist or arise, and addressing such conflicts of interest, in accordance with relevant policy as applicable. I acknowledge that, in carrying out my duties and responsibilities to the Board, my obligation is to act in accordance with this Acknowledgement while offering my perspective as an individual.
- (3) I undertake to keep in strictest confidence all confidential or proprietary information communicated or disclosed to me in accordance with relevant Local Service Board policies and municipal regulations as applicable.

**Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.**

**Signature:** \_\_\_\_\_  
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5. This bylaw shall become effective upon date of enactment.

Passed at a meeting of the Local Services Board of Loring, Port Loring and District on the 12<sup>th</sup> day of May 2016.

SIGNING AUTHORITY: 

BOARD MEMBER NAME: DROGERSON

SECRETARY: Peggy Whitehead