



### 3. BOARD OF GOVERNORS CONFLICT OF INTEREST POLICY

<b>SECTION</b> Governance	<b>DATE DRAFTED</b> January 23, 2009
	<b>EFFECTIVE DATE</b> February 26, 2009
<b>APPROVAL/AUTHORITY</b> Board of Governors	<b>LATEST REVISION</b> February 26, 2009
<b>Original signed by Board Chair</b>	

#### INTENT

A member of the Board of the Alberta College of Art + Design (ACAD) holds a position of trust. Board members shall act at all times in the best interests of the institution rather than private interests or the interests of a particular constituency.

#### SCOPE

A conflict of interest may be “real”, “potential” or “perceived”. The same duty of disclosure applies to each situation.

#### DEFINITIONS

##### Real, Potential and Perceived Conflicts of Interest

A conflict of interest arises when a Board member’s private interests supersede or compete with his/her dedication to the interest of the institution. This could arise from a real, potential or perceived conflict of interest for a Board member or related persons, and may be financial or otherwise.

- a. A “real conflict of interest” occurs when a Board member exercises an official power or performs an official duty or function with the knowledge that there will be a private or pecuniary gain.
- b. A “potential conflict of interest” occurs when a Board member has knowledge that the performance of a duty or function or the exercise of power will result in a private or pecuniary gain but has not yet exercised that duty or function.
- c. A “perceived conflict of interest” exists when there is a perception, formed by a reasonably well informed person that a conflict of interest exists on the part of the member.



## **Pecuniary Interest**

A “*pecuniary interest*” exists when a contract or other matter of a monetary nature is before the Board which:

- i. affects a private company in which a member or related persons are a proprietor or shareholder
- ii. affects a public company in which the member or related persons hold more than 10% of the shares issued of that public company
- iii. affects a partnership or firm in which the member or related persons are a member
- iv. affects a corporation in which the member is a Director
- v. affects an organization in which the member is a senior officer
- vi. affects a private society, Crown Corporation or other organization in which the member by virtue of office holds a position of influence.

## **Interest of Particular Constituency**

A “*conflict of interest due to representation of or relation to a specific constituency*” may occasionally arise. In general, voting on matters which have an effect on a broad group (e.g. students, faculty and staff) by a member of that group is not considered a conflict of interest. Conflict could reasonably be considered to exist however for the following identified groups when considering these matters:

- i. decisions directly affecting a specific instructional program
- ii. decisions related to labour negotiations and labour relations
- iii. decisions related to the setting of tuition fees.

## **POLICY**

1. The primary responsibility for identifying and disclosing a conflict of interest lies with the individual.
2. Board members shall be required to sign a conflict of interest statement on an annual basis.
3. Board members are required to disclose any conflicts of interest to the Board Chair on receipt of the Board agenda or prior to the start of the Board meeting. All disclosures and any required action will be noted in the minutes.
4. In the case where there may be a conflict of interest between the Board Chair and the Board, the Board Chair will disclose this conflict to the Board as a whole, or to the Vice-Chair, whichever is most appropriate at the time.
5. If a conflict of interest is found to exist, the individual for whom the conflict of interest exists will leave the room during any discussion involving the conflict of interest and refrain from participation in any decisions involving the conflict of interest situation.



The member's abstention from the discussion and vote will be recorded in the minutes of the meeting.

6. It is the responsibility of other Board members who are aware of a conflict of interest on the part of a fellow Board member to raise the issue for clarification, first with the Board member, and if unresolved, with the Board Chair.
7. If the Board member is not certain that he/she is in a conflict of interest position, the matter may be brought before the Board Chair for advice and guidance.
8. Where a conflict of interest is discovered after consideration of a matter, the conflict must be declared to the Board and appropriately recorded at first opportunity. If the Board determines that involvement of the member in question influenced the decision of the matter, the Board shall re-examine the matter and may rescind, vary, or confirm its decision.
9. If the conflict of interest is not resolved using the above procedures, the Board member shall either remove himself/herself from the conflicting situation or step down from the Board position.
10. In the event that a Board member has not declared a conflict and is subsequently found to have had a conflict of interest under this policy, the Board shall have the power and ability to impose action including one or more of the following:
  - i. letter of reprimand
  - ii. recommendation that a Board member(s) resign from the Board
  - iii. recommendation to the Minister of Advanced Education and Technology that the appointment of the member(s) be terminated.
11. Board members are prohibited from receiving gifts, money, services, goods, entertainment or other favours from individuals or organizations that are currently involved in business transactions with ACAD, or seek to do business with ACAD.

## **REFERENCE**

- ACAD Code of Conduct Policy