Conflict of Interest Policy

Purpose

The purpose of this policy is to ensure that the employees of SRMS and the school board directors comply with all applicable federal, state and local laws, rules and regulations pertaining to SRMS’s activities, to conduct themselves ethically and with integrity; and to avoid any conflict between their own interests and the interests of SRMS.

Responsibility

The School Board of Directors and the administrative staff shall be responsible to manage the issues that come to their attention under this policy.

Description

This policy, the accompanying procedure, and the annual disclosure statement shall direct the employees of SRMS and the school board directors with regard to the avoidance of any conflict or appearance of conflict between their personal interest and the interests of SRMS in dealing with suppliers, customers and all organizations or individuals doing or seeking to do business with SRMS.

Approval

Virginia Wright
President of the SRMS Board

Airica Staley
Secretary of the SRMS Board

Date Approved: July 20, 2016
Revised Date:
Review Date: July 2021
Conflict of Interest Procedure

Scope:
This policy applies to all SRMS school board directors, the Head of School and any former directors or officers that conduct business with SRMS.

Definitions:

Interested Person is any director, principal officer or member of a committee with governing board delegated powers, who has a direct or indirect financial interest.

Senior Management shall include the administrative director and the school board directors.

Financial Interest is a person that has a financial interest, directly or indirectly, through business, investment or family.
- An ownership or investment interest in any entity with which SRMS has a transaction or arrangement,
- A compensation arrangement with SRMS or with any entity or individual with which SRMS has a transaction or arrangement, or
- A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which SRMS is negotiating a transaction or arrangement.
- Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.
- A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Direct interest is any contract that an SRMS employee or school board director has personally with SRMS in which the employee or director is the sole proprietor of, has a partnership in, or has controlling interest in, which has a contract with SRMS.

Indirect interest is an interest that is not direct, but in which there is still a causal connection between the contract and the SRMS employee or director who may receive financial benefit from the contract. (Ex: Jane Doe, an SRMS employee, has a material interest in XYZ, a company that has a contract with SRMS)

Review Committee shall be comprised of members of senior management and will be determined based on the nature of the conflict. The decision of the Review Committee is final.
Procedure:

Annual Statements
Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a disclosure statement. (See SRMS Disclosure Statement attached)

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 factors to the directors and members or committees with governing board delegated powers considering the proposed transaction or arrangement.

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.

Addressing the Conflict of Interest
- An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- After exercising due diligence, the governing board or committee shall determine whether SRMS can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in SRMS’ best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

Violations of the Conflicts of Interest Policy
- If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- If, after hearing the member’s response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.
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.
2. The nature of the financial interest.
3. Any action taken to determine whether a conflict of interest was present.
4. The governing board’s or committee’s decision as to whether a conflict of interest in fact existed.
5. The names of the persons who were present for discussions and votes relating to the transaction or arrangement.
6. The content of the discussion, including any alternatives to the proposed transaction or arrangement.
7. A record of any votes taken in connection with the proceedings.

Compensation

- A voting member of the governing board who receives compensation, directly or indirectly, from SRMS for services is precluded from voting on matters pertaining to that member’s compensation.
- A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from SRMS for services is precluded from voting on matters pertaining to that member’s compensation.
- No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from SRMS either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Periodic Reviews

To ensure SRMS operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following:

- Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm’s length bargaining.
- Whether partnerships, joint ventures, and arrangements with management organizations conform to SRMS’S written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in impermissible private benefit or in an excess benefit transaction.

Use of Outside Experts

When conducting the periodic reviews, SRMS may, but need not use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic views are conducted.