



Community Action’s Board of Directors Conflict of Interest Policy

Please read the policy below. This policy is designed to both safeguard the best interests of Community Action and comply with various state and federal laws, such as the Internal Revenue Code and the Head Start Act, governing conflicts of interest. Due to differing requirements of these laws, some transactions are outright prohibited and others may be permitted, but only under certain circumstances described below.

If you have any questions, contact Lev BenEzra at LBenEzra@communityaction.us or 413-376-1128. After you have completed reading it, please list any information that is required to be disclosed by the policy, sign it and return it to Kevin Greene at KGreene@communityaction.us

Disclosures are required for the period beginning on September 1 of the year preceding the year the Board member signs this policy.

Definitions

“Immediate Family” includes:

- Spouse
- Parents
- Children (including adopted)
- Siblings
- Father-in-law, Mother-in-law
- Brother-in-law, Sister-in-law
- Son-in-law, Daughter-in-law
- Step Parents
- Step Siblings
- Aunts, Uncles
- First Cousins
- Grandparents
- Grandchildren
- Great-Grandparents
- Great-Grandchildren

“Financial Interest” means

- a material financial interest in the purchase, sale, rental, contract, lease, loan, or other transaction, including commission or fee, share of proceeds, prospect of promotion, profit participation or any other material financial reward; and/or
- any of the following interests in or associations with an entity providing or receiving such goods, space, services, loans, or grants:
 - Sole ownership, or ownership of 5% or more stock;
 - Partnership of 5% or more or beneficial interest of 5% or more; or
 - Employee or independent contractor, if his or her position at or compensation from the entity is determined by revenues from or business with *Community Action*, or its subsidiaries or delegate agencies.

IMPORTANT NOTE: This policy does not require the disclosure of assistance or services provided by *Community Action* to Board members or their Immediate Family members, such as Head Start, if such individuals are not given preference in obtaining such assistance or services and they are provided on similar terms as for any other applicant for *Community Action* programs.

1. **Prohibited Transactions.** No member of the Board of Directors of *Community Action*, or a member of his or her "Immediate Family," may have a "Financial Interest" in the purchase, sale, contract for, rental, or lease of goods, space or services, or any other transaction, including loans and grants, by or with *Community Action* or any of its Head Start delegate agencies.
2. **Employment and compensation.** No *Community Action* Board member, nor a member of his or her Immediate Family, as defined above, shall be an employee of *Community Action* or any of its delegate agencies. No Board member may be compensated for his or her regular service on the Board of Directors or for providing services to *Community Action*. However, Board members may be reimbursed for actual reasonable, necessary, and documented expenses incurred, consistent with policies adopted by the Board of Directors.
3. **Gifts to Board members.** *Community Action* Board members are prohibited from soliciting or accepting gifts, money, or gratuities, other than those of nominal value, from:
 - Persons receiving benefits or services under any *Community Action* program;
 - Persons or organizations performing services for or providing goods or space to *Community Action*; or
 - Persons who are otherwise in a position to benefit from the actions of a *Community Action*
4. **Disclosures required by law.** *Community Action* is required to disclose to the state and federal governments certain information concerning relationships and transactions between and among its Board members, their family members (including Immediate Family members as defined by Section I(b) and as well as ancestors, grandparents and grandchildren), and entities with which they are associated and *Community Action* or its subsidiaries or delegate agencies ("Related Party Transactions"). Board members should list these disclosures at the end of this Policy. Information to be disclosed includes the following:
 - Has *Community Action* made a grant award or contribution to any organization with which its Board members have a relationship?
 - Do any *Community Action* Board members have a family or business relationship with any other *Community Action* Board member?
 - Do any *Community Action* Board members have a family or business relationship with any *Community Action* employee?

- A "business relationship" does not include a relationship between (1) attorney and client, (2) medical professional (including psychologist) and patient, or (3) priest/clergy and penitent/communicant.

- Are any *Community Action* Board members, either personally, through family members, or through entities with which they are associated, involved in, or do they intend to become involved in, any other transactions or relationships with *Community Action*, its subsidiaries or delegate agencies (other than as a *Community Action* Board member) that are not mentioned elsewhere in this policy?

Here are some examples of situations you should disclose (these are in addition to disclosures required elsewhere in this policy):

1. You are a board member of a nonprofit organization that receives funding from *Community Action*.
 2. You are a board member of a nonprofit organization that provides funding to *Community Action*.
 3. You or a family member is an employee of a business or organization that receives revenue or funding from *Community Action*.
 4. Your grandchild is a vendor, or has an ownership interest in, a vendor with which *Community Action* does business.
5. **Continued disclosure obligation and disclosure of other potential conflicts of interest.** If, after signing this policy, a *Community Action* Board member becomes involved, or intends to become involved, in a Prohibited Transaction, employment, compensation, or gift, as defined above, or becomes aware of such an existing transaction or status, the Board member must promptly notify the *Community Action* Board Chair.

In addition to those Prohibited Transactions, gifts, and employment or compensation described above, Board members are required to promptly disclose to the *Community Action* Board Chair any Related Party Transactions in which they are, or intend to become, involved.

6. **Procedure for addressing transactions.** The following process should be followed for all Prohibited and Related Party Transactions:
- (a) An *ad hoc* committee of Board members composed entirely of individuals who have no involvement with any Related Party Transactions ("Independent Board Members"), who are appointed by the Chair of the *Community Action* Board of Directors and approved by the Board of Directors shall review, in consultation with the Executive Director, all Related Party Transactions of Board members, including those that may be prohibited in accordance with Paragraph 1 of this Policy.
 - (b) The Board committee, with the advice of legal counsel as necessary, shall determine whether a Related Party Transaction is a Prohibited Transaction, as defined by paragraph 1 of this policy and any other applicable requirements.

- (c) If the Board committee determines that the transaction is prohibited, then the Board committee shall recommend either (i) not to enter into the transaction or (ii) to require the resignation of the Board member associated with the Prohibited Transaction.
- In making this determination, the Board committee shall determine whether, all factors considered, the transaction under consideration is fair and reasonable to, and is in the best interests of, *Community Action*. The Board committee shall review, where appropriate, information concerning alternatives to the transaction; comparable transactions entered into by other parties and organizations; and/or independent appraisals, and any other relevant factors.
 - For this purpose, a "transaction" may include an ongoing business, contractual, or grant relationship.
- (d) If the Board committee determines that the Related Party Transaction is not prohibited, then it shall also determine whether, all factors considered, the transaction under consideration is fair and reasonable to, and is in the best interests of,
- In making this determination, the Board committee shall review, where appropriate, information concerning alternatives to the transaction; comparable transactions entered into by other parties and organizations; and/or independent appraisals, and any other relevant factors.
 - For this purpose, a "transaction" may include an ongoing business, contractual, or grant relationship.
- (e) The Board committee shall report its determinations and recommendations from paragraphs (c) and (d) to the full Board of Directors.
- (f) At a meeting of the Board of Directors or Board committee, a Board member who is associated with the transaction at issue may state his or her views, and shall respond to questions, as to any Related Party Transaction, including Prohibited Transactions, in which he or she is involved, but only Independent Board members shall be present for and participate in deliberations or voting as to any Related Party or Prohibited Transactions.
- (g) The Independent Board Members shall vote whether to adopt the Board committee's recommendations regarding the transaction at issue. If the Board committee recommends that the Board member be required to resign from the Board, and the Independent Board Members approve such recommendation, then such action shall be treated as removal for cause under the *COMMUNITY ACTION* by-laws. The basis for any such vote shall be documented in the minutes of the meeting at which action is taken, and those minutes shall be approved at the next meeting of the Board of Directors.



COMMUNITY ACTION PIONEER VALLEY

Community Action's Conflict of Interest Policy Board Sign-Off Form

By signing here, I acknowledge that I have read and agree to abide by this policy and (check one):

- I am not, to the best of my knowledge, a participant in any Prohibited Transactions, employment, compensation, gifts, Related Party Transactions, or any other transactions or relationships required to be disclosed by this policy; or
- I have, to the best of my knowledge, disclosed below any Prohibited Transactions, employment, compensation, gifts, Related Party Transactions, and any other information required to be disclosed by this policy.

Disclosures are required for the period beginning on September 1 of the year preceding the year the Board member signs this policy.

Disclosures:

NO

YES

Explain:

Printed Name:

Signature

Date