



Conflict-of-interest checklist for nonprofits

Not-for-profit board officers, directors, trustees and key employees must avoid conflicts of interest because it's their duty to do so. Any direct or indirect financial interest in a transaction or arrangement that might benefit one of these individuals personally could result in the loss of your organization's tax-exempt status — and its reputation.

Here's a quick checklist to gauge whether your nonprofit is doing what it takes to avoid conflicts of interest:

- Do you have a conflict-of-interest policy in place that specifies what constitutes a conflict and lists exceptions?
- Do you require board officers, directors, trustees and key employees to annually pledge to disclose interests, relationships and financial holdings that could result in a conflict of interest?
- Do they understand that they must speak up if issues arise that could pose a possible conflict?
- Do you provide training in conflicts of interest?
- Do you have procedures in place that outline the steps you'll take when a possible conflict of interest arises?
- Are individuals with possible conflicts asked to present only the facts, and then remove themselves from any discussion of the issue?
- Do you keep minutes of the meetings where the conflict of interest is discussed, noting those members present and voting, and indicating the final decision reached?
- Do you put projects out for bid — with identical specifications — to multiple vendors?
- Do you supply a written contract to each vendor that details the service the company will provide, specific deliverables, cost estimates and a time frame for delivery?

If you answered “no” to any of these questions, contact us. We can help you make sure that you have an adequate conflict-of-interest policy in place and a full set of procedures to support it.

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