



CONFLICT OF INTEREST POLICY and STATEMENT OF FIDUCIARY RESPONSIBILITY

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CONFLICT OF INTEREST POLICY and STATEMENT OF FIDUCIARY RESPONSIBILITY

The Community College of Philadelphia Foundation believes that it is imperative the public views all of the policies and decisions of the Foundation Board of Directors as fairly and impartially determined.

All Foundation Directors are fiduciaries of the College Foundation, and should govern with responsibility for the public trust, the future of the Foundation, and the benefit of current and future students of Community College of Philadelphia.

Fiduciary duties are a combination of legal and ethical responsibilities. While board service is a voluntary act of social responsibility, Foundation Directors are expected to devote time, attention, knowledge, and skill to their fiduciary duties, and are accountable for their decisions and actions. Additionally, Directors are expected to fulfill their responsibilities and conduct their activities on behalf of the Foundation within the letter, spirit, and intent of applicable laws and regulations.

- **Standards of Board Responsibility**

1. The duty of care requires the full attention to one's duties as a board member, setting aside competing personal or professional interests to protect the assets of the institution. This includes financial assets, but also includes the institution's reputational, personnel and tangible assets. Board members are expected to act reasonably, competently and prudently when making decisions as stewards of the institution. Foundation Directors shall conduct the affairs of the Foundation in good faith, acting honestly and lawfully. This duty of care extends to the College as beneficiary of the Foundation. Directors shall be diligent in their duties to the Foundation and shall, at all times, act in the best interests of the Foundation.
2. The duty of loyalty prohibits a board member from acting out of self-interest. It further requires members to act in good faith and in a manner that is reasonably believed to be consistent with the mission and goals of the institution. Foundation Directors shall not use their Foundation position for personal gain. The director's duty of loyalty applies equally whether the director is engaged in Foundation activities or outside activities. The director's duty of loyalty includes, but is not limited to, the director's obligation to protect the confidences of the Foundation and to refrain from engaging in transactions that would create a conflict of interest or the appearance of a conflict of interest.

Special Note:

The following standards apply to the full Foundation Board, but most specifically, the Investment Committee:

1. The duty to minimize costs requires that when managing and investing an institutional fund, an institution may incur only costs that are appropriate and reasonable in relation to the assets, the purposes of the institution, and the skills available to the institution.

2. The *duty to investigate* requires an institution to make a reasonable effort to verify facts relevant to the management and investment of the fund and requires persons who make investment and management decisions to investigate the accuracy of the information used in making decisions.

Additionally, the Foundation endorses and subscribes to the Council for the Advancement and Support of Education (CASE) Statement of Ethics (Attachment A).

- **Confidentiality**

In the course of carrying out their duties and responsibilities, directors will be privy to information that was created, discovered, acquired or developed by or disclosed to the Foundation and, as such, is considered to be confidential and proprietary in nature. This information includes, but is not limited to, business plans, expansion plans or proposals, strategic plans, personnel data, financial statements, lists and information about gifts, donors and accounts. Directors shall recognize that they have a legal and ethical duty not to disclose this information, shall hold all such information in strictest confidence and shall agree not to release confidential and proprietary information to anyone outside the Foundation except for authorized purposes or unless required by law.

- **Conflict of Interest**

A conflict of interest arises in any situation in which a director or a related party is involved in an activity that could adversely affect such director's judgment with respect to the business of the Foundation or otherwise diminish the interest of the Foundation. (Refer to Attachment B for samples illustrating potential conflicts of interest.) Generally, a related party includes one's own immediate family members and those of his or her spouse; a person with whom one is living; or a business entity, trust or estate in which one has an interest. Certain conflicts of interest may be approved by the Executive Committee or the full Board as being in the best interests of the Foundation. Other conflicts, however, may preclude (i) the Foundation or a director from engaging in an activity, or (ii) an individual from serving as a member of the Foundation Board.

Therefore,

1. No director shall vote upon, negotiate, ratify or execute any contract for or on behalf of the College/Foundation in which his/her judgment or loyalty to the College/Foundation might reasonably be subject to question by reason of his/her personal financial interest or that of his/her spouse or child or of any business in which the director or his/her spouse or child is a director, officer, partner, owner or other principal.
2. No director nor his/her spouse or child, nor any business in which the director or his/her spouse or child is a director, officer, partner, owner or other principal shall enter into any contract (other than one pertaining to the terms of his/her employment) with the College/Foundation unless the contract has been awarded through an open, public and competitive (where appropriate) process – and then only after full disclosure of such interest.
3. No director shall accept a gift or thing of greater than minimal value in any form, unless consideration of equal or greater value is provided, from any person (including students or persons acting for or on behalf of students) or entity having any business, association or relationship with the College/Foundation.

4. No director shall do any other thing that would, in any way, compromise her/his ability to give full fidelity to appropriately serve as a director.
5. Each director shall be required to comply, and to certify annually as to his/her compliance, with the Conflict of Interest Policy adopted by the Community College of Philadelphia Foundation Board of Directors, as such policy may be amended from time to time.

Duty to Disclose Actual or Potential Conflicts of Interest

All Foundation directors will be asked to complete and sign a conflict of interest questionnaire and a third-party questionnaire annually. The questionnaire will provide a means for Foundation Directors to disclose any interests or actions, when considered in connection with their position with or relation to the Foundation, might indicate or constitute a conflict of interest. Refer to Attachment C for a sample questionnaire.

Of particular concern are situations in which a director or related party possesses a financial interest not entirely consistent with that of the Foundation, or confidential information which if disclosed could adversely affect the Foundation.

The conflict of interest questionnaire will be provided by and returned to the Executive Director of the Foundation. If, after completing and signing the annual disclosure statement, an apparent or potential conflict arises, the director with the conflict shall notify the Executive Director in writing.

All disclosures pursuant to this policy will be treated confidentially.

Process for Handling Actual and Potential Conflicts of Interest

All questionnaires will be reviewed by the Foundation's Executive Director. If an actual or potential conflict of interest was disclosed, the disclosure will be submitted to the Executive Committee to review and determine next steps.

If a potential conflict of interest situation involves a pending transaction or action on the part of the Foundation, such potential conflict shall be brought to the attention of the Executive Committee prior to any action on the part of the Foundation.

The Foundation President (or Executive Director) shall consult with the director regarding the potential conflict and obtain information necessary for an ordinarily prudent person to make a judgment as to whether a conflict exists.

The Executive Committee shall exercise good faith in determining whether an actual conflict exists and shall provide guidance as to the appropriate course of action if a conflict exists.

If the Executive Committee determines that further review would be prudent, it shall seek the advice and approval of the full Board in determining whether such situation or transaction is fair and serves the Foundation's best interests.

Directors who have declared or have been deemed to have a conflict of interest must refrain from consideration of proposed transactions. Any director with a conflict may not vote, participate in discussion, nor be present at the time of any vote on the proposed action or transaction. The proposed action or transaction in which a conflict of interest has been declared or found to exist must be approved by a majority of the disinterested directors, and the Board or committee conducting the vote shall retain detailed minutes of any proceedings involving a potential conflict of interest action or transaction.

- **Political Activities**

Foundation directors must not engage in political activities on behalf of the Foundation. Directors should be aware that engaging in such activities could threaten the tax-exempt status of the Foundation. Among these activities are the following:

- a) engaging in substantial lobbying on behalf of the Foundation; and
- b) engaging in any political campaign activity on behalf of the Foundation.

- **Violations of this Policy**

If the Board has reasonable cause to believe a director has failed to disclose actual or possible conflicts of interest, it shall inform the director of the basis for such belief and afford the director an opportunity to explain the alleged failure to disclose. If, after hearing the director's response and after making further investigation as warranted by the circumstances, the Board determines the director has failed to disclose an actual or possible conflict of interest, it will take appropriate corrective action.

- **Administration**

The Board has the responsibility for and determines changes to this policy. The Executive Committee has oversight responsibility. The Foundation's Executive Director is responsible for the implementation and adherence to the policy.

ATTACHMENT A

CASE Statement of Ethics

Institutional advancement professionals, by virtue of their responsibilities within the academic community, represent their colleges, universities, and schools to the larger society. They have, therefore, a special duty to exemplify the best qualities of their institutions and to observe the highest standards of personal and professional conduct.

In so doing, they promote the merits of their institutions, and of education generally, without disparaging other colleges and schools.

Their words and actions embody respect for truth, fairness, free inquiry, and the opinions of others.

They respect all individuals without regard to race, color, sex, sexual orientation, marital status, creed, ethnic or national identity, handicap, or age.

They uphold the professional reputation of other advancement officers and give credit for ideas, words, or images originated by others.

They safeguard privacy rights and confidential information.

They do not grant or accept favors for personal gain, nor do they solicit or accept favors for their institutions where a higher public interest would be violated.

They avoid actual or apparent conflicts of interest and, if in doubt, seek guidance from appropriate authorities.

They follow the letter and spirit of laws and regulations affecting institutional advancement.

They observe these standards and others that apply to their professions and actively encourage colleagues to join them in supporting the highest standards of conduct.

The CASE Board of Trustees adopted this Statement of Ethics to guide and reinforce our professional conduct in all areas of institutional advancement. The statement is also intended to stimulate awareness and discussion of ethical issues that may arise in our professional activities. The Board adopted the final text in Toronto on July 11, 1982, after a year of deliberation by national and district leaders and by countless volunteers throughout the membership.

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ATTACHMENT B

Examples of situations presenting potential conflicts of interest

The following are examples of situations in which a conflict may be present. These examples do not represent all potential situations that might give rise to a conflict.

- Purchasing supplies, equipment, or services from a vendor in which a director has an ownership interest or with which a related party might benefit from the transaction.
- A directorship or active participation in an organization that transacts business with the Foundation or whose interests compete with those of the Foundation (such as serving as a member of the governing board, employment by, or working as a consultant to any other higher educational institution or affiliate, or any other nonprofit or for-profit organization located in Pennsylvania or elsewhere, public or private, which may be in competition with the Foundation and/or the College for state appropriations or other funding, faculty, students, patients, or donors).
- Investment by the Foundation with a firm in which a director or a related party is an owner, officer, board member, partner, employee, or has some other significant beneficial interest.
- Investment by the Foundation in any investment opportunity of which the Foundation is reasonably aware that a director or a related party already has a personal investment which is material to him or her, or which is material to the size of the overall investment fund. For purposes of materiality a 5% guideline may be considered, however, each situation should be assessed on its own merits.
- Use of information obtained from the Foundation for personal gain or benefit.
- Acceptance by a director or a related party of any personal benefit that results from the execution of the director's duties as a Foundation director and is not otherwise available to the general public. For example, if a director makes an investment in common with the Foundation where:
 - The director became eligible to make the investment solely because of his or her membership on the Board;
 - The director's minimum investment requirement in a particular investment fund was waived because such individual is a member of the Board and the Foundation was also an investor in the fund; or
 - The director first acquired information concerning the investment from the Board and the investment was not widely available to the public, even if the opportunity was one for which the director might subsequently have been an eligible investor.
- Investment by a director or a related party in any investment opportunity of which the director is reasonably aware that the Foundation already has an investment in under circumstances in which:
 - the investment of a director or a related party is material to him or her, or
 - the investment by either the Foundation or director (or a related party) is material in relation to the size of the overall fund.

ATTACHMENT C

Conflict of Interest Questionnaire

I hereby certify the following information to my knowledge with respect to interests and actions during the period July 1, 20XX to June 30, 20XX, which information when considered in connection with my position with or relation to the Community College of Philadelphia Foundation, might indicate or constitute a conflict of interest. **(Check NONE where applicable. Otherwise, provide a brief description of the possible conflict.)**

1. Identify any family members who work for the Community College of Philadelphia Foundation or any of its affiliates. For the purpose of this questionnaire, “family members” include spouse, parents, grandparents, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great grandchildren, and spouses of brothers, sisters, children, grandchildren and great grandchildren.

() None

2. Outside Interests. Identify the interests of you or your family members:

- a. Holding, directly or indirectly, a position of employment or authority in any outside entity from which the Community College of Philadelphia Foundation or any of its affiliates secures goods or services for an area of responsibility under your authority.

() None

- b. Competing, directly or indirectly, with the Community College of Philadelphia Foundation or its related entities in the purchase or sale of property, goods or services for an area of responsibility under your authority.

() None

3. Investments. List and describe, with respect to you and your family members, all investments that might be within the category of material financial interest as described below:

Such financial interest represents capital stock, obligations or a combination of both, the total of which is in excess of 5% of the total equity capital in an outside entity with which the Community College of Philadelphia Foundation is reasonably expected to do business, or with which the Community College of Philadelphia Foundation is reasonably expected to compete, and which is related to an area of responsibility under your authority.

() None

4. Indebtedness to the Community College of Philadelphia Foundation. List and describe, with respect to you and your family members, any indebtedness to the Community College of Philadelphia Foundation or any of its affiliates. Please exclude amounts due for purchases on usual trade terms and for ordinary travel and expense advances.

() None

5. Inside Information. By initialing below, I certify to my knowledge that neither I nor any of my family members have disclosed or used confidential or proprietary information relating to the Community College of Philadelphia Foundation’s business for my personal profit or advantage or that of any of my family members.

Please Initial

6. Gifts & Gratuities. Neither I nor any of my family members have accepted gifts, gratuities, or entertainment that might influence my judgment or actions concerning the business of the Community College of

Philadelphia Foundation or any of its related entities, except as listed below. (This does not include the acceptance of items of nominal or minor value that are clearly tokens of respect or friendship and are not related to any particular transaction or activity.)

() None

By signature below, I certify that to my knowledge the above statements are accurate.

Date Signature

Please Print Name _____

CONFLICT OF INTEREST QUESTIONNAIRE CERTIFICATION

By signature below, I certify that I have received a copy of the Community College of Philadelphia Foundation's Conflict of Interest Policy, that I have read and understand the Policy, and that I agree to comply with the Policy. I further certify that I have no conflict of interest, as defined in the Policy, other than as reported in this questionnaire. I understand that the Policy also applies to all committees and subcommittees having board-delegated powers, and that the Community College of Philadelphia Foundation is a charitable organization that must engage primarily in activities that accomplish one or more of its tax-exempt purposes to maintain its tax-exempt status.

Date Signature

Review by Executive Committee:

Date Signature of Foundation Board President