



## EMPLOYEE CONFLICT OF INTEREST POLICY

**In order to pursue a best-practices policy in the non-profit arena, the auditor has recommended that The Society of the Four Arts implement a policy prohibiting conflicts of interest at the employee and management level. This is a recommendation that is actually required in the accreditation process of the Center for Non-profit Excellence.**

### OUTSIDE EMPLOYMENT

The Society of the Four Arts has no desire to control the outside activities of its employees. However, employees who engage in outside employment must consult the Administration before beginning any outside employment; when necessary, the Administration will refer the matter to the Compensation Committee to allow a determination whether a conflict of interest exists.

Employees currently engaged in outside employment should notify Administration immediately, so that the Compensation Committee can determine whether a conflict of interest exists. *Employees may not engage in outside employment which constitutes a conflict of interest or which requires work hours in conflict with the employee's regular working hours at The Four Arts.* Outside employment is defined as any self-employment or any paid services performed for any employer other than The Society of the Four Arts -- before, during, or after regular business hours, or while on an approved leave.

Here are some examples of actions or activities which might create an actual conflict of interest or give the appearance of a conflict:

- Engaging in any outside activity which could detract from the efficiency of your duties as an employee of The Society of the Four Arts. This includes serving on the board of organizations that are current or potential donors of The Society of the Four Arts without the approval of the Compensation Committee;
- Engaging in any activity which conflicts with the interest or purpose of The Society of the Four Arts;
- Engaging in any financial, business or other relationships with current or potential donors of The Society of the Four Arts;
- Engaging in any sale, licensing, commission, or any other fee for service arrangement with outside organizations that involves work product that was sponsored, created or paid for by The Society of the Four Arts;
- Accepting in any form whatsoever, any remuneration, compensation or gift valued at \$50 or more from current or potential donors of The Society of the Four Arts. Likewise, no employee shall provide or give gifts, favors, fees or employment to others where these might appear designed to show undue favors or to influence improperly others in their relations with The Society of the Four Arts. Employees may accept unsolicited entertainment, provided it arises out of the ordinary course of business and the individual providing the entertainment attends the event with the employee;
- Failing to disclose to the Compensation Committee that an immediate family member is affiliated with a donor or vendor.

## USE OF POSITION FOR PERSONAL GAIN

**Every employee should avoid using a position at The Four Arts for personal gain, or appearing to do so. Offers of discounts, expensive gifts or hospitality, trips or other favors--- whether from members of the Society or from outside parties--- should generally be politely declined, unless an underlying or pre-existing friendship might justify acceptance. When in doubt about such an offer, the employee should consult his or her departmental director, and consider these questions:**

- Would acceptance of this invitation or favor create an impression, among patrons or colleagues, that I am accepting for personal gain, or taking improper advantage of my position at The Four Arts?
- Would acceptance imply some future obligation by the Society of the Four Arts to repay or compensate the giver?

**This policy guideline does not create a strict or all-encompassing prohibition; it does, however require each employee to exercise prudent judgment about what is appropriate and acceptable and what is not.**

## RELATED PARTY TRANSACTIONS (NEPOTISM)

To avoid favoritism or the appearance thereof, and to ensure unbiased programming of policy decisions, The Society of the Four Arts maintains certain restrictions concerning the employment, business contracts with, and/or business transactions with relatives. A relative is defined as a spouse (legal or otherwise), child, mother, father, brother, sister, in-law, aunt, uncle, niece, nephew, step parent, stepchild, legal guardian, grandparent, grandchild, half-brother, half-sister, first cousin, or domestic partner.

The Society of the Four Arts will consider applications of employment or business contracts and/or business transactions from relatives or related parties as defined above. To be approved, however, any proposed contracts and transactions must be specifically approved *in advance* by the Compensation Committee of the Board.

Employees contemplating any situation constituting a conflict or perceived conflict are encouraged to contact Administration, which will refer the matter to the Compensation Committee. Any employee found in a conflict of interest is subject to disciplinary action, which may include termination.

## LOANS

Loans may not be made by The Society of the Four Arts to its Trustees, officers, or employees, or to any other corporation, firm, association, or other entity in which one or more of its Trustees, officers, employees, is a Director, Trustee, officer, or employee or holds a substantial financial interest. A loan made in violation of this section is a violation of the duty to The Society of the Four Arts of the Trustees or officers authorizing it or participating in it, but the obligation of the borrower with respect to the loan may not be affected thereby.

COMPLIANCE WITH LAW

All Personnel Policies and Procedures of The Society of the Four Arts shall be in accordance with, and subject to, the provisions of any applicable law, which shall prevail in the event of any conflict with the institution's Policies and Procedures.

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