

NATIONAL INSTITUTE OF GOVERNMENTAL PURCHASING
NIGP GOVERNING BOARD CONFLICTS OF INTEREST POLICY

ARTICLE I
PURPOSE

In their capacity as directors and officers (each, individually, a “Director” and collectively, the “Directors”) the members of the Governing Board (the “Board”) of the National Institute of Governmental Purchasing (“NIGP”) must act at all times in the best interests of NIGP. Moreover, the Board has an obligation to ensure that the organization maintains a bias-free, decision-making process. The purpose of this policy is to help inform the Board about what constitutes a conflict of interest, assist the Board in identifying and disclosing actual and potential conflicts, and help ensure the avoidance of conflicts of interest where necessary. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to not-for-profit corporations, and may be enforced against individual Board members as described below.

ARTICLE II
CONFLICT OF INTEREST

A conflict of interest may arise when a Director has some other interest that might suggest divided loyalty on the part of the Director between obligations to NIGP, on one hand, and to some other organization or cause, on the other. The “other interest” may arise from a transaction between NIGP and a third party, or a Director’s volunteer or paid relationship with a third party, which may compromise the Director’s ability to provide unbiased and undivided loyalty to NIGP.

ARTICLE III
PROCEDURES

A. Duty to Disclose.

To proactively address any potential conflicts of interest, each Director is required to annually complete and submit a Conflicts of Interest Annual Statement detailing any such “other interests”. The Director must update the Statement if any material changes or additions to the submitted information arise during the course of the year. On the Statement, the Director must list:

1. All financial transactions with NIGP.

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2. Whether the Director or any family member of the Director has an existing or potential interest in, or compensation arrangement with, any third party providing goods or services to NIGP.
3. Whether the Director or any family member of the Director has an existing or potential interest in, or compensation arrangement with, any third party with which NIGP is currently negotiating a transaction or arrangement.
4. Any nonprofit or for-profit organizations with potentially conflicting interests in which the Director or any family member of the Director is actively involved, has a significant investment, or owns at least a one percent (1%) interest.
5. All paid or unpaid positions or relationships with non-profit or for-profit third party organizations that compete with NIGP, or take public positions contrary to those of NIGP.
6. Any other interest that may arise from a transaction between NIGP and a third party, or a Director's volunteer or paid relationship with a third party, which may compromise the Director's ability to provide unbiased and undivided loyalty to NIGP.

The Director is encouraged to disclose a relationship if there is any uncertainty as to whether the relationship should be disclosed.

B. Determining Whether a Conflict of Interest Exists.

All actual and potential conflicts of interest shall be disclosed by Board members to NIGP Board, or its designee, through the annual disclosure form and/or whenever a conflict arises. After disclosure, the disinterested members of the Board shall make a determination as to whether a conflict exists and what subsequent action is appropriate. The Board may request additional information and hold a discussion with the disclosing Director regarding the nature of the relationship or transaction, however, the Director must leave the Board meeting while the uninterested Board members determine if a conflict of interest exists.

C. Procedures for Addressing the Conflict of Interest.

1. If the Board determines that a particular relationship or transaction represents an actual, potential or apparent conflict of interest, it shall resolve such actual, potential or apparent conflict in one of the following manners:

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- a. Waive the actual, potential or apparent conflict as unlikely to affect the Director's ability to act in the best interests of NIGP.
 - b. Determine that the Director should be recused from all deliberations and decision-making related to the particular transaction which gives rise to the actual, potential or apparent conflict.
 - c. Determine that the Director must resign from his/her service to NIGP because the actual, potential or apparent conflict is so pervasive that the Director would seldom, if ever, likely be able to act in the best interests of NIGP.
2. The following procedure is applicable to all instances in which a Director (or the Director's company, organization or another entity for which the Director serves in a leadership, employment or ownership capacity, or a member of the Director's family) seeks to provide goods or services to NIGP as a paid vendor, or seeks to receive a significant grant or contract from NIGP.
- a. The Director must disclose to the Board in advance of any related action to be taken by the Board his/her intent to seek to provide goods or services as a paid vendor to NIGP, or receive a grant or contract from NIGP;
 - b. After disclosure, the Director may make a presentation at the Board regarding the proposed transaction or arrangement, but after such presentation, the Director must recuse himself/herself from all deliberations and voting related to the contemplated action;
 - c. If the value of the transaction exceeds \$5,000, NIGP must, through a request for proposal process, have solicited proposals broadly from other qualified vendors/ prospective grant or contract recipients and received (or attempted to receive) written bids from at least three such individuals/ entities (including the Director);
 - d. After exercising due diligence, the Board shall exercise its best efforts to determine whether NIGP can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest;
 - e. The Board must determine (without the presence or participation of the Director), upon advice of its counsel and by a majority vote

of the disinterested members of the Board, that the transaction or arrangement is fair and reasonable and in NIGP's best interest based on all of the facts and circumstances, and such determination (including the fact that it was made in the absence of the Director) shall be documented as part of the relevant meeting minutes (all competing bids received should be retained as well); and

- f. If selected, the Director may not participate in any process by which his/her performance as a vendor/grant or contract recipient is evaluated.

ARTICLE IV **VIOLATIONS**

A. Procedure.

If the Board has reasonable cause to believe that a Director has failed to disclose the nature and extent of actual, potential or apparent conflict, it shall inform the Director of the basis for such belief and afford the Director an opportunity to explain the alleged failure.

B. Action.

If, after hearing the response of the Director and making such further investigation as may be warranted in the circumstances, the Board determines that the Director has, in fact, failed to disclose an actual, potential or apparent conflict of interest, it shall take appropriate disciplinary and corrective action.

ARTICLE V **RECORDS OF PROCEEDINGS**

The minutes of meetings of the Board shall contain, if applicable:

- A. The names of the Directors who disclosed or otherwise were found to have an actual, potential or apparent conflict of interest, the nature of such conflict, any action taken to determine whether a conflict of interest was present, the Board's decision as to whether a conflict of interest in fact existed, and the manner in which the Board elected to address the conflict.
- B. The names of the persons who were present for discussions and votes relating to the proposed transaction or arrangement; the content of the

discussions, including any alternatives to the proposed transaction or arrangement and a record of any votes taken in connection therewith.

ARTICLE VI **COMPENSATION**

Compensation for any employees, members of the Board, or committees shall be determined in accordance with NIGP's Compensation Policy, as well as in accordance with applicable federal tax regulations. All compensation must be determined by an independent authorized body of NIGP, composed of individuals without a conflict of interest with respect to the compensation arrangement.

ARTICLE VII **ANNUAL STATEMENT**

Each Director, officer and member of a committee with Board-delegated powers shall complete and sign a Conflicts of Interest Disclosure Statement at the time of his or her initial election or appointment and annually thereafter, the form of which is attached hereto as Exhibit A.

EXHIBIT A
CONFLICT OF INTEREST DISCLOSURE STATEMENT

I, _____, recognize that as a member of NIGP's Governing Board, I owe duties of care and loyalty to NIGP. One aspect of fulfilling those duties is to avoid conflicts of interest, and to help avoid conflicts of interest, on this form I am disclosing ownership or other proprietary interests, responsibilities, circumstances, or other reasons why I (or, by extension, any member of my family) might have an actual, apparent, or potential conflict of interest with my duty to the NIGP, both with respect to the conflicts identified in the attached policy and any others. I hereby invite further review by NIGP of any aspects of these circumstances that might be appropriate. In addition, I agree to take other steps, such as avoiding deliberation and refraining from voting on certain issues or even withdrawing from my position on the NIGP Board, if it is determined that those steps are necessary to protect the integrity of the Board and avoid the breach of my fiduciary duty to NIGP. Finally, during such time as I continue to serve on the Board, I agree to notify the Board Chair promptly, and in writing, if at any time following the submission of this form, I become aware of any actual or potential conflicts of interest, or if the information provided below becomes inaccurate or incomplete.

1. Do you, or any family member, have an existing or potential interest in, or compensation arrangement with, any third party providing goods or services to NIGP, or with which NIGP is currently negotiating?

YES or NO

If the answer is yes, please describe in detail below the nature of each such interest or compensation arrangement.

2. Do you, or any family member, actively participate in, have a significant investment in, or own at least a 1% interest in any for-profit or nonprofit organization with potentially conflicting interests to those of NIGP?

YES or NO

If the answer is yes, please describe in detail below the nature of each such interest or affiliation.

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3. Do you, or any family member, currently hold a paid or unpaid position with any non-profit or for-profit third-party organization that competes with NIGP, or that takes a public position contrary to those of NIGP?

YES or NO

If the answer is yes, please provide the name of the organization below and describe in detail the nature of the position held.

4. Do you have any other interest or affiliation which is likely to compromise your ability to provide unbiased and undivided loyalty to NIGP, or to otherwise become in conflict with your official duties as a Director or Officer of NIGP?

YES or NO

If the answer is yes, please describe in detail below the nature of each such interest or affiliation.

5. Do you agree that so long as you are an Officer or Director of NIGP you will immediately disclose to the other Directors and/or Officers the nature of any interest or affiliation which you may hereafter acquire, which is in or is likely to become in conflict with your official duties with NIGP?

YES or NO

Disclosure of Actual or Potential Conflicts of Interest:

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I have read the NIGP Conflicts of Interest Policy set forth above and agree to comply fully with its terms and conditions at all times during my service as a Board member. I understand that NIGP is a charitable organization and that, to maintain its federal tax exemption, NIGP must engage primarily in activities that accomplish its tax-exempt purposes, and that no part of the net earnings of the organization may inure to the benefit of any private shareholder or individual.

Signature

Date: _____