

## THE LOWER MERION LIBRARY SYSTEM CONFLICT OF INTEREST POLICY

This policy governs the activities of the board of the Lower Merion Library System. The policy provides guidelines for identifying, disclosing and managing conflicts of interest and situations that may result in the appearance of conflicts of interest. Lower Merion Library System board members are expected to be aware of this policy, to understand and to use its guidelines, and to disclose any relevant situations, conflicts, or potential conflicts to the Township Solicitor.

Questions about the policy may also be directed to the President of the Board of the Lower Merion Library System, or the Director of Libraries (Township of Lower Merion).

### I. What is a conflict of interest?

A conflict of interest arises when a board member has a personal interest that conflicts with the interests of the Lower Merion Library System. A conflict of interest may also arise in situations where a board has divided loyalties (also known as a “duality of interest”). Such conflicts of interest or dualities of interest may result in inappropriate financial gain to persons in authority at the Lower Merion Library System. This may lead to financial penalties and violations of IRS regulations. Similarly, situations or transactions arising out of a conflict of interest may result in either inappropriate financial gain or the appearance of a lack of integrity in the Lower Merion Library System’s decision-making process. Both results are damaging to the Lower Merion Library System and are to be avoided.

- *Example #1:* a person in a position of authority over the Library may benefit financially from a transaction between the Library and the board; or others closely associated with the board may be affected financially. Family members, or their businesses, or other persons or the businesses of persons with whom the board is closely associated, could benefit from similar transactions.
- *Example #2:* A conflict of interest could be a direct or indirect *financial interest* such as those described above, or a *personal interest* such as the situation where a board member of the Lower Merion Library System is also a board member of another nonprofit or for-profit entity in the community with which the Lower Merion Library System collaborates or conducts business.

### II. Who might be affected by this policy?

Typically persons who are affected by a conflict of interest policy are the Library’s board members, officers, and senior staff. In some cases a major donor could also be in a conflict situation. The Lower Merion Library System’s Board of Directors takes a broad view of conflicts, and board members are urged to think of how a situation/transaction would appear to outside parties when identifying conflicts or possible conflicts of interest.

### III. Disclosure of Conflicts.

Board members may be asked on a regular basis to identify or to disclose those personal

interests that could give rise to conflicts. These may include: a list of family members, substantial business or investment holdings, transactions or affiliations with businesses, other organizations, or nonprofits - or similar interests of family members. Disclosure should be an agenda item annually.

Board members are also urged to disclose conflicts as they arise, as well as to disclose those situations that are evolving that may result in a conflict of interest. Advance disclosure must occur so that a determination may be made as to the appropriate plan of action to manage the conflict. Board members should disclose to the President of the Board any conflict, potential conflict or appearance of a conflict.

#### IV. Procedures to manage conflicts.

For each interest disclosed, the President of the Board or the Director of Libraries or the Township's Solicitor (as appropriate) will determine whether the organization should: (a) take no action or (b) disclose the situation more broadly and invite discussion/resolution by the full board of what action to take, or (c) refrain from taking action and otherwise avoid the conflict. In most cases the broadest disclosure possible is advisable so that decision-makers can make informed decisions that are in the best interests of the organization.

1. When the conflict involves a decision-maker, the person with the conflict ("interested party"): (i) must fully disclose the conflict to all other decision-makers; (ii) may not be involved in the decision of what action to take (for example, may not participate in a vote) but may serve as a resource to provide other decision-makers with needed information.
2. In some cases the person with the conflict may be asked to recuse him/herself from sensitive discussions so as not to unduly influence the discussion of the conflict.
3. In all cases, unresolved decisions involving a conflict will be made only by disinterested persons.
4. If the conflict was related to a board member, both the conflict and the outcome will be documented in the minutes of the board meetings. If the conflict was related to a staff member, the Director of Libraries will report that information to the President of the Board, or to an appropriate committee of the board, (for example, the Audit Committee), or to the Township Manager.
5. The President of the Board and the Director of Libraries will monitor proposed or ongoing transactions of the organization (for example, contracts with vendors and collaborations with third parties) for conflicts of interest and disclose them to the appropriate person or organizational entity, whether discovered before or after the transaction has occurred.
6. There should be at least two decision-makers among the following: the President of the Board, the Director of Libraries and/or the Township Solicitor, making any

recommendations and/or decisions concerning conflicts and measures needed to abate them.

V. All members of the Lower Merion Library System Board will receive a copy of this policy and will acknowledge being bound by its terms during his or her service on the Lower Merion Library System Board.

Adopted, Board of Directors

May 7, 2019