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# California Native Plant Society



## CNPS Policy on Conflicts of Interest

To fulfill the public trust placed in CNPS, CNPS needs to maintain transparency and accountability in dealing with conflicts of interest. Both organizations and individuals may be made monetarily responsible for failure to deal responsibly with conflicts of interest. This policy exists to protect both CNPS and individuals working with CNPS. Persons who do have potential conflicts of interest can participate in CNPS if they follow procedures and make appropriate disclosure.

CNPS must also deal with potential conflicts of interest on the level of appearances and impressions. CNPS needs to act with integrity and be recognized by the public as an institution with integrity.

### What is a conflict of interest?

A conflict of interest is a consideration (typically professional or monetary) that might influence a person's decisions in their work for an organization. A potential conflict of interest for a person working with CNPS will include, but is not limited to, employment by CNPS; service providers working with CNPS, consulting contracts with CNPS; employment with government agencies that deal with CNPS; work with other non-profit organizations working in conservation; employment by businesses contracting with CNPS; interest in publications under consideration by CNPS; and interest in real estate that may be affected by CNPS decisions. Typically, conflict of interest rules extend to a person's family as well, and to both current and former members of the Board of Directors.

### Disclosure and Recusal.

CNPS staff and volunteers are asked to disclose any conflicts of interest they may have. Persons with potential conflicts should also refrain from participating in decisions that may affect their interests. This may mean not participating in votes or discussion, or absenting oneself from the room during discussions.

### Transactions involving Board members.

In many situations, CNPS will contract with volunteers and Board members for services. There well may be no economic alternative to using CNPS volunteers or Board members to obtain the desired services. These transactions should go forward, but when they involve state current or former Board members they need to be approved by the Board,

preferably at a regular meeting. This applies to decisions normally the sole province of chapter boards or CNPS staff. The state Board member with a potential conflict has the responsibility of bringing the conflict to the attention of the state Board or chapter and obtaining a proper approval for them. Where a state Board member is involved, there is no minimum value to a contract that might exempt it from this policy.

When person who is not a present or former Board member has a conflict, that person is asked to disclose the conflict to the relevant decisions makers and recuse themselves from decisions affecting their interests.

The procedure for approval of transaction with past or present Board members shall be as follows. The Executive Director will prepare a report for the Board packet that:

1. provides a summary of the material facts concerning the transaction and the Board member's interest in the transaction;
2. a good faith statement that CNPS is entering into the transactions for its own benefit; and
3. a good faith determination that CNPS could not have obtained a more advantageous arrangement with reasonable effort under the circumstances, and that the arrangement is fair, reasonable, and a fair market value.

The report will provide the factual basis for its conclusions.

At a regular Board meeting, the Board will vote to approve or disapprove the transaction. The interested Board member will recuse himself or herself from the discussion and vote.

Depending on the value and prominence of the transaction, the Executive Director and Board President may also ask for an opinion letter on the transaction or seek approval of the transaction by the Attorney General's Office or by a court.

#### Disclosure by Board Members

Board members are asked to disclose their potential monetary and professional conflicts of interest prior to the first Board meeting each year. The Executive Director will cause to have these disclosures distributed to the board in the regular Board packet for the January Board meeting. Directors are asked to update these disclosures when their situations changes materially.

Approved by the Board November 1, 2003

References: Interested Directors, Cal. Corp. Code sec. 5233  
Prohibition on Private Inurement, IRS Regulations 1.501(C)(3)