

## **CONFLICT OF INTEREST POLICY**

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### **Purpose**

The purpose of the conflicts of interest policy is to protect the North Country Workforce Partnership (NCWP) and North Country Workforce Investment Board (NCWIB) interests when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a member of the NCWP and/or the NCWIB. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest.

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### **Definitions**

1. **Interested Persons**

Any director, officer, member of a committee with the board delegated powers of key employee or an affiliated person (as defined below) of such direction, officer, committee member or key employee who has a financial interest, as defined below, as an interested person. If a person is an interested person with respect to any entity in the workforce system of which NCWP and/or NCWIB is a part, he or she is an interested person with respect to all entities in the workforce system.

2. **Financial Interest**

A person has a financial interest if the person or his or her affiliated persons are:

- an ownership or investment interest in any entity with which NCWP and/or NCWIB has a transaction or arrangement; or
- a compensation arrangement with NCWP and/or NCWIB or with any entity or individual with which NCWP and/or NCWIB has a transaction or arrangement; or
- a potential ownership or investment in, or compensation arrangement with, any entity or individual with which NCWP and/or NCWIB is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration, as well as gifts or favors that are substantial in nature.

3. **Affiliated persons include the following:**

- Family members, spouse, ancestors, 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;
- Any corporation or organization of which you are a board member, an officer, a partner, participate in management or are employed by, or are directly or indirectly, a debt holder or the beneficial owner of any class of equity securities; and
- Any trust of other estate in which you have a substantial beneficial interest or as to which you serve as trustee or in a similar capacity.

4. **Key Employee (DO WE NEED THIS SECTION?????)**

An employee of the NCWP and/or NCWIB (other than an officer, director or trustee) who meets all of the following:

- \$150,000 Test: receives reportable compensation from the NCWP and/or NCWIB and all related organizations in excess of \$150,000 for the calendar year ending with or within the NCWP and/or NCWIB tax year;
- Responsible Test: the employee (1) has responsibilities, powers or influence over the NCWP and/or NCWIB as a whole that is similar to those of officers, directors or trustees; (2) manages a discrete segment or activity of the NCWP and/or NCWIB that represents 10% or more of the activities, assets, income or expenses of the NCWP and/or NCWIB, as compared to the NCWP and/or NCWIB as a whole; or (3) has or shares authority to control or determine 10% or more of the organization's capital expenditures, operating budget or compensation for employees; and
- Top 20 Test: is one of the 20 employees (that satisfies the \$150,000 Test and Responsibility Test) with the highest reportable compensation from the NCWP and/or NCWIB and related organizations for the calendar year ending with or within the NCWP and/or NCWIB tax year.

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### **Procedures**

1. **Duty to Disclose**

- In connection with any actual or possible conflict of interest, an interested person must disclose the existence of his or her financial interest and must be given the opportunity to disclose all material facts to the board as well as to members of the Executive/Finance Committee.

2. **Determining Whether a Conflict of Interest Exists**

- After disclosure of the financial interest and all material facts, the matter shall be referred to the Executive/Finance Committee for review and the committee shall make a recommendation to the board.

3. **Review Procedures**

- The Executive/Finance Committee shall review the proposed transaction or arrangement and determine if reasonable alternatives to the proposed transaction or arrangement exist. After exercising due diligence, the committee shall determine whether the NCWP and/or NCWIB 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.
- The Executive/Finance Committee shall report its findings and make recommendation to the board. If the committee determines that: (1) a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest; and (2) the transaction or arrangement is in the NCWP and/or NCWIB best interest for its own benefit, the board may vote to approve the transaction. For purposes of determining the quorum for a meeting and voting, the interested person shall not be counted, even where permitted by law

4. **Violations of the Conflicts of Interest**

- If the board or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate corrective action.

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**Recordings of Proceedings**

The minutes of the board and the Executive/Finance Committee meetings shall contain:

- The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the board's or committee's decision as to whether a conflict of interest if fact existed.
- The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

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**Compensation**

- A voting member of the board of directors who receives compensation, directly or indirectly from NCWP and/or NCWIB for services is precluded from voting on matters pertaining to such compensation.
- A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from NCWP and/or NCWIB for services is precluded from voting on matters pertaining to that member's compensation.

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**Annual Disclosure Statements**

Each director, officer, member of a committee with board delegated powers and key employee shall annually complete and sign the Disclosure Statement attached hereto which includes a statement affirming that such person:

- Has received a copy of the conflicts of interest policy
- Has read and understands the policy
- Has agreed to comply with the policy

Such statement shall be reviewed by the Executive/Finance Committee and retained by the WIB Executive Director.