

# Endeavor Charter School Policies and Procedures

Title: <b>Conflict of Interest Policy</b>
Approval Date: August 2008
Revision Date: July 2018

## **References:**

- N.C. Gen. Stat. § 115C-218.15
- N.C. Gen. Stat. § 55A-8-31
- Charter Agreement Section 4.3

Board practice regarding conflicts of interest shall be governed ultimately by G.S. 55A-8-31, as amended or replaced at any time subsequent to the adoption of this policy.

## **General Statement**

As a not-for-profit charitable corporation, Endeavor Charter School (the “School”) is expected to act in the public good. Decisions of the School are to be made solely in the best interests of the organization and its mission, and not because of any personal interest that a Leadership Team member may have with respect to a particular transaction or business matter.

This policy is intended to ensure that the personal interest of any Leadership Team member of the School does not inappropriately affect the decisions and actions of the School, concerning transactions, investments, or other matters involving the School.

## **Policy Statement**

A person shall not be disqualified from serving as a member of a charter school’s board of directors because of the existence of a conflict of interest, so long as the person’s actions comply with the school’s conflict of interest policy as provided in G.S. 115C-218.15(b)(3) and applicable law. Reference § 115C-218.15.

No voting member of the governing board shall be an employee of a for-profit company that provides substantial services to the charter school for a fee.

No Leadership Team member or any of his/her Family Members should derive any personal economic benefit, directly or indirectly, by reason of such person’s membership on the Board, Board Committee, service to the Board or the Board Committee, or because of employment by the School (except in the case of reasonable compensation for employees).

## **SECTION 1. DEFINITIONS.**

(a) **Leadership Team.** All Board Members, the School Director, Curriculum Coordinators, members of any committee with Board-delegated powers, and/or any other employed person with the ability to execute contracts or sign checks.

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- (b) **Family Member.** Any spouse, parent, child, and/or grandchild of a Leadership Team Member.
- (c) **Interested Person.** Any Leadership Team Member who has a direct or indirect financial interest, as defined below, is an interested person.
- (d) **Financial Interest.** A person has a financial interest if the person has, directly or indirectly, through business, investment, or Family Member:
  - (1) An ownership or investment interest in any entity with which the School has a transaction or arrangement,
  - (2) A compensation arrangement with the School or with any entity or individual with which the School has a transaction or arrangement, or
  - (3) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the School is negotiating a transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

## SECTION 2. GENERAL PROVISIONS

Board Members shall avoid improper conduct arising from conflicts of interest and shall abide by all legal requirements governing conflicts of interests, including G.S. 55A-8-31. If any Board Member has or may have a conflict of interest in a matter pending before the Board, such member shall fully disclose to the Board the nature of the conflict or potential conflict. No transaction may be approved if it would constitute self-dealing.

## SECTION 3. PROCEDURES.

- (a) **Duty to Disclose.** In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Board and members of committees with board-delegated powers considering the proposed transaction or arrangement.
- (b) **Determining Whether a Conflict of Interest Exists.** After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or committee members shall decide if a conflict of interest exists.
- (c) **Procedures for Addressing the Conflict of Interest.**
  - (1) An interested person may make a presentation to the Board of Directors or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
  - (2) The Chairman of the Board of Directors, or the chair of the committee if a committee meeting is appropriate, shall appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

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- (3) After exercising due diligence, the Board or committee shall determine whether the Corporation can obtain, with reasonable efforts, a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- (4) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or committee shall determine by a majority vote of the disinterested members whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

## (d) **Violations of the Conflicts of Interest Policy.**

- (1) If the Board of Directors or one of its committees has reasonable cause to believe a member of the Leadership Team has failed to disclose actual or a foreseeable conflict 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.
- (2) If, after hearing the Leadership Team Member's response and after making further investigation as warranted by the circumstances, the Board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary or corrective action (including removal from office and any other appropriate legal action, as decided by the Board).
- (3) Any contract executed, payment made or other economic benefit received as a result of a violation of this policy will be subject to immediate cancellation including a full refund of any monies spent.

## **SECTION 5. RECORDS OF PROCEEDINGS.**

The minutes of the Board of Directors and all committees with Board-delegated powers shall contain:

- (a) 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 decision of the Board or committee as to whether a conflict of interest in fact existed.
- (b) 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 with the proceedings.

## **SECTION 6. COMPENSATION.**

- (a) Board members shall receive no compensation for serving on the board and may not receive compensation from the School for any services provided to the School.
- (b) Board members may be reimbursed for travel, accommodations, and meals when traveling on behalf of the School.

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## **SECTION 7. ANNUAL STATEMENTS.**

Each member of the Leadership Team shall annually sign a statement that affirms such person

- (1) has received a copy of the conflicts of interest policy,
- (2) has read and understands the policy,
- (3) has agreed to comply with the policy, and
- (4) understands the School is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

## **SECTION 8. PERIODIC REVIEWS.**

To ensure the School operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, the Board shall review all ongoing conflict of interest transactions to ensure compliance with this Policy on a yearly basis in connection with approval of the School's budget.