

# **Diocese of Des Moines**

## **Conflict of Interest Policy**

### **Purpose**

The purpose of this conflict of interest policy is to protect the Diocese's interest when it is contemplating entering into a transaction or arrangement that might benefit the interests of private individuals, including but not limited to employees and individuals performing work on behalf of the Diocese and other persons in a position to influence the affairs of the Diocese. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to non-profit and charitable corporations. This policy should be distributed to existing and future executives, officers, trustees, directors, and members of advisory boards, councils and committees.

### **Introduction**

Non-profit charitable, religious, and educational organizations obtain their tax-exempt status under the theory that they perform valuable services for society and lessen the burdens of government. If a tax-exempt organization allows its money or other property to be used for private rather than public gain (i.e., for "private inurement" or "private benefit"), then it risks losing its exemption. In light of these IRS restrictions and, more importantly, in order to assist the Diocese in fulfilling its responsibilities to act as a competent and trustworthy steward of church goods, the Diocese has developed this policy.

### **Duty of Loyalty**

The leadership of the "Diocese" (i.e., the Central Administrative Office, parishes, schools, diocesan agencies, and/or affiliated entities) shall perform its duties and each member shall perform his or her duties, in good faith, in a manner he or she reasonably believes to be in the best interests of the Diocese.

### **Private Inurement or Benefit**

When a nonprofit engages in any type of conduct that results in an improper benefit to an insider that is considered private inurement. An insider is someone who can influence the policy or the day-to-day activities of the organization such as its directors, employees, and major donors.

To avoid a material private inurement or benefit the particular diocesan parish, school, or agency must enter into transactions for its benefit, rather than for a private party's benefit, and exercise due diligence to ensure that the proposed transaction is fair and reasonable such that under the circumstances the organization could not have obtained a more advantageous arrangement with reasonable effort. In addition to screening proposed transactions through the applicable councils, boards, or trustees, care should be taken to follow diocesan policies and procedures pertaining to the signing of contracts.

### **Conflicts of Interest**

A conflict of interest may exist when persons employed by the Diocese, those volunteers of the Diocese holding trusteeships or other management authority, or those serving on advisory or consultative boards, councils or committees have a direct or indirect financial interest, as defined below.

### **Financial Interest**

A person has a "financial interest" if the person has, directly or indirectly, through business, investment, or family (including spouses; brothers or sisters; spouses of brothers or sisters; ancestors; children, grandchildren, and great grandchildren; and spouses of children, grandchildren, and great grandchildren), has or could potentially have:

- a. An ownership or investment interest in any entity with which the Diocese has a transaction or arrangement;
- b. A compensation arrangement with the Diocese or with any entity or individual with whom the Diocese has a transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

### **Duty to Disclose**

In connection with any actual or possible conflict of interest, an interested person must disclose the existence and nature of his or her financial interest and all material facts. He/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

The remaining members shall vote on whether a conflict of interest exists. They will then take steps to determine if a more advantageous transaction or arrangement can reasonably be made. This should all be recorded in the minutes of the meeting.

To avoid a conflict of interest violation the parish should ensure the following are true:

- a. All parties with a conflict of interest were excluded from the discussion and vote related to approval of the transaction.
- b. The parish obtained comparable information regarding terms of the transaction from independent sources through bids, appraisals, or expert opinions.
- c. The Finance Council has determined that entering into this transaction is in the best interest of the parish.
- d. These steps are appropriately documented

### **Potential Violations**

If the governing board or committee has reasonable cause to believe 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 failure to disclose.

Reports should be made to diocesan personnel as designated by the bishop, i.e., vicar general, chancellor, attorney, chief financial officer or internal auditor. Reports should include relevant information that is discernible.

The designated diocesan personnel shall be responsible for a thorough and expeditious investigation of the actual/possible conflict of interest.

Proposed decisions on disposition of a case will be discussed with the bishop or his designee(s). The results of all reported conflicts of interest and the final resolution shall be reported to the Audit Committee.

### **Subsequent Conflicts and Disclosures**

Notwithstanding previous disclosure of actual or potential conflicts of interest, an individual shall make a new disclosure of conflicts when any matter involving the conflict of interest arises for discussion or action. In the event that an individual is uncertain whether an actual or potential conflict of interest exists, the individual should make disclosure of the circumstances that may give rise to an actual or potential conflict. Individuals shall also sign annual Confidentiality and Conflict of Interest forms.

### **Confidential or Privileged Information**

Information known to be confidential that is acquired by individuals in the course of employment or association with the Diocese and its affiliated entities shall be used only for the benefit and purposes of the Diocese. Individuals shall neither disclose confidential information outside the scope of their authorized duties nor utilize their position or association with the Diocese for personal identification or advantage, although there may be instances, based on the use of careful discretion and judgment, where incidental use of the association with the Diocese may be appropriate.

Approved: 1/3/2022