



## Conflict of Interest Policy

### Purpose

- To protect The Professional Animal Care Certification Council's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director or faculty member of the Council or might result in a possible excess benefit transaction.
- To further assure the objectivity and public confidence in the integrity of all Council deliberations and statements, by establishing guidelines and procedures concerning conflicts of interest and to uphold the policies of the Council's policies.
- To ensure that individuals act in the Council's best interest and comply with applicable legal requirements.
- To identify "independent" directors.

### Policy

- Those who serve The Professional Animal Care Certification Council (PACCC) have a duty to adhere to the purposes which PACCC is dedicated and to conduct the affairs of PACCC in a manner consistent with those purposes and not to advance their personal financial interests when financial matters are under consideration.
- Each individual has the primary responsibility for assuring his or her adherence to disclosing any conflicts of interest.

### Definitions

- A "conflict of interest" arises when a person in a position of authority over an organization, such as a voting member of the governing board, officer, faculty, or employee may benefit financially from a decision he or she could make in such capacity, including indirect benefits such as to family members or businesses with which the person is closely associated. For this purpose, a conflict of interest does not include questions involving a person's competing or respective duties that do not involve material interest or benefit to a related party.
- An "independent director" as defined in the instructions for the IRS 990 form or, until such definition is available, the director –
  - Is not, and has not been for a period of at least three years, an employee of the Professional Animal Care Certification Council (PACCC) or any entity in which PACCC has a financial interest;

- Does not directly or indirectly have a significant business relationship with PACCC, which might affect independence in decision-making;
  - Is not employed as an executive of another corporation where any of PACCC's executive officers or employees serve on that corporation's compensation committee; and
  - Does not have an immediate family member who is an executive officer or employee of PACCC or who holds a position that has significant financial relationship with PACCC.
- An "interested person" is any current or former director, officer, member of a committee with governing board delegated powers or key employees, who have a direct or indirect financial interest.
  - An "independent voting member of a governing body" is an individual who meets all the following circumstances:
    - The member was not compensated as an officer or other employee of the organization or of a related organization.
    - The member did not received total compensation or other payments exceeding \$10,000 during the tax year from the organization or from related organizations as an independent contractor, other than reimbursement of expenses under an accountable plan or for reasonable compensation for services provided in the capacity as a member of the governing body.
    - Neither the member, nor any family member of the member, was directly or indirectly involved in a transaction with PACCC or a related organization.
  - Related Parties
    - A "family member" , "family relationship" or "related party" includes his or her brother and sisters (whether whole or half blood), spouse or domestic partner, spouses of siblings and half siblings, children, grandchildren, great-grandchildren, spouse of each children, grandchildren and great-grandchildren, and ancestors.
    - A "35% controlled entity" is an entity that is constructively owned, directly or indirectly, by a given person, such as the organization's current or former officers, directors, trustees, or key employees, or the family members thereof, in which a listed person has a controlling interest, or owns more than 35% of the total combined voting power, profits interest or beneficial interest.
    - A "business relationship" is defined as (a) One person is employed by the other in a sole prop

- A person has a “financial interest” when a person has directly or indirectly, through business, investment or family:
  - An ownership or investment interest in any entity with which the Council has a transaction or arrangement;
  - A compensation arrangement with the Council or with any entity or individual with which the Council has a transaction or arrangement; or
  - A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Council is negotiating a transaction or arrangement.

## Procedures

- **Duty to Disclose**

In connection with any actual or possible conflict of interest, an interested person should disclose the existence of the interest and be given the opportunity to disclose all material facts to the President, directors, officers, key employees or members of the committees with governing board delegated powers considering the proposed transaction or arrangements.
- **Recusal of Self**

Any director may recuse himself or herself at any time from involvement in any decision or discussion in which the director believes he or she has or may have a conflict of interest, without going through the process for determining whether a conflict of interest exists.
- **Determining Whether a Conflict of Interest Exists**

After disclosure of the interest and all material facts, and after any discussion with the interested person, he or she shall leave the meeting while the determination of a conflict of interest is discussed and voted upon. The remaining directors, officers, key employees or committee members shall decide if a conflict of interest exists.
- **Procedures for Addressing the Conflict of Interest**
  - An interested person may make a presentation at the governing board or committee meeting. After the presentation, he or she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflicts of interest.
  - The chairperson of the board or executive committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

- After exercising due diligence, the board or executive committee shall determine whether PACCC 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.
- If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the board or executive committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in PACCC'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.
- Violations of the Conflicts of Interest Policy
  - If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it should inform the member of the basis for such a belief and afford the member an opportunity to explain the alleged failure to disclose.
  - If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it should take appropriate disciplinary and corrective action.

## **Compliance**

- Each voting member of the governing board, officer, and employee will be required to complete a separate conflict of interest questionnaire to be filed by January 30 of each year and any time a new potential conflict of interest arises.
- A written record on any report of possible conflict of interest and of any adjustments made to avoid possible conflicts of interest shall be kept by the Secretary at the Council's office.
- The minutes of the governing board and all committees with board delegated powers should contain:
  - The names of the persons who disclosed or otherwise were found to have an interest in connection with an actual or possible conflict of interest, the nature of the interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in 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 with the proceedings.

- This conflict of interest policy statement shall be made available to each voting member of the governing board officer and employee. Such people will be asked to sign a statement of understanding concerning the reporting of potential conflicts of interest.
- **Compensation**
  - A voting member of the board who receives compensation, directly or indirectly, from PACCC for services is precluded from voting on matters pertaining to that member's compensation.
  - A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from PACCC for services is precluded from voting on matters pertaining to that member's compensation.
  - No voting member of the board of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from PACCC, either individually or collectively, is prohibited from providing information to any committee regarding compensation.
  -

Responsibility: Board of Directors

Adopted:

Revised:

Director & Officer  
Annual Conflict of Interest Statement

Name \_\_\_\_\_ Position \_\_\_\_\_

I affirm the following (by initialing on the line):

\_\_\_\_\_ I have received a copy of PACCC's Conflict of Interest Policy

\_\_\_\_\_ I have read and understand the policy

\_\_\_\_\_ I agree to comply with the policy

\_\_\_\_\_ I understand that PACCC is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of tax-exempt purposes

Disclosures:

Do you have a financial interest (current or potential), including a compensation arrangement, as defined in the Conflict of Interest policy with PACCC?      YES      NO

If yes, please describe it \_\_\_\_\_

\_\_\_\_\_

If yes, has the financial interest been disclosed, as provided in the Conflict of Interest policy?

YES      NO

In the past, have you had a financial interest, including a compensation arrangement, as defined in the Conflict of Interest policy with PACCC?      YES      NO

If yes, please describe it, including when \_\_\_\_\_

\_\_\_\_\_

If yes, has the financial interest been disclosed, as provided in the Conflict of Interest Policy?

YES      NO

Are you an independent director, as defined in the Conflict of Interest policy?      YES      NO

If you are not independent, why? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Signature of director

\_\_\_\_\_

Date

Return this form to the Secretary by January 30<sup>th</sup>