

Code of Ethics

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SAMPLE COMMUNITY ACTION AGENCY

CODE OF CONDUCT

Preamble

The Community Action Agency (“CAA”) is committed to maintaining the highest level of integrity and the highest standards of ethical conduct in all of its activities and dealings. It is important for CAA directors, officers, and employees to be aware that both real and apparent conflicts of interest or dualities of interest sometimes occur in the course of conducting the affairs of the organization and that the appearance of conflict can be troublesome even though there is in fact no legal conflict of interest.

Conflicts occur because the many persons associated with CAA should be expected to have, and do in fact generally have multiple interests and affiliations and various positions of responsibility within the community. In these situations, a person will sometimes owe identical duties of loyalty to two or more organizations. Conflicts are undesirable because they potentially place the interests of others ahead of the Foundation’s obligations to the public interest. Conflicts are also undesirable because they often reflect adversely upon the person involved and upon the institutions with which they are affiliated, regardless of the actual facts or motivations of the parties. However, the long range best interests of the Foundation do not require the termination of all association with persons who may have real or apparent conflicts that are harmless to all individuals or entities involved.

The purpose of the Code of Conduct is to provide guidance to CAA’s directors, officers, and employees so that CAA can maintain the highest level of integrity and the highest standards of ethical conduct. Each director, officer and employee of CAA is urged to review carefully this Code of Conduct and make every effort to adhere to it. Certain provisions of this Code of Conduct, as indicated, apply only to directors, officers, and management employees.

I. Gifts to Directors, Officers, and Employees.

The acceptance by any director, officer or employee of money, services or any other thing of value offered by a representative, person or entity which (1) does business with CAA (or any person or entity which potentially could do business with CAA) or (2) has applied for a grant or potentially could apply for an upcoming grant from CAA is prohibited. The offer of any such benefit must be reported immediately to the Chair. Notwithstanding the forgoing, it is understood that an officer or employee of CAA may receive unsolicited gifts of modest value from persons doing business with CAA, such as

Christmas gifts of modest value. It is also expressly understood that this policy does not preclude business meals or nominal entertainment on an infrequent basis.

II. Confidentiality of Information.

CAA's directors, officers, and employees owe a duty of loyalty to CAA. The duty of loyalty requires each director, officer and employee of CAA to respect the confidentiality of information gained in the course of board activities or employment. No director, officer or employee shall use information received in the course of serving CAA if the personal use of such information would be detrimental in any way to CAA.

III. Conflicts of Interest.

A. Directors.

Any possible conflict of interest of any director (or member of the director's immediate family) shall be fully disclosed to the other directors and made a matter of record. When any such possible conflict of interest becomes relevant to any matter requiring Board of Directors or committee action, it shall be called to the attention of the board or committee and, if any question is raised as to whether a conflict of interest exists, the potentially interested person shall leave the meeting while the matter is discussed and voted upon. The remaining members shall decide if a conflict of interest exists. If the remaining members determine that a conflict of interest exists, or if no such vote is taken because a conflict of interest clearly exists, the director shall not vote on the matter in which he or she (or a member of his or her immediate family) has a possible conflict of interest, shall not use personal influence to affect the vote and shall leave the room during the final discussion and vote on the matter. However, any director who is excluded from voting because of such possible conflict of interest may answer any pertinent questions of other directors or committee members when the director's knowledge of the matter may assist the board or committee in making its determination. Any vote approving a transaction that involves a possible conflict of interest should include a determination by the disinterested directors that the transaction is in the best interest of CAA and is fair in all respects to CAA. The minutes of the meeting shall reflect that a disclosure was made and the nature of the disclosure, that the interested director abstained from voting and left the room for the final discussion and vote, and that the interested director abstained from the action taken to determine whether a conflict of interest existed, if any.

B. Committee Members.

The provisions of this policy applying to directors also shall apply to any person who is not a director but who is at any time serving as a member of any committee.

C. Officers and Management Employees.

Each officer and management employee has a duty to make full disclosure to the Board of Directors of any possible conflict of interest (or that of a member of his or her

immediately family) regarding any matter as to which the officer or employee provides recommendations or advice to the Board of Directors.

D. Types of Conflicts of Interest.

A particularly important type of possible conflict of interest arises when a director, officer or management employee holds a direct or indirect financial interest in (or will receive a benefit from) a business firm furnishing services, materials, or supplies to CAA or that is seeking grant funds from CAA. A direct financial interest is the receipt of remuneration of any sort. An indirect financial interest exists if a party transacting business with CAA is an entity:

- (1) in which CAA's director, officer or management employee (or a member of his or her immediate family) has a material financial interest;
- (2) with which CAA's director, officer or management employee (or a member of his or her immediate family) has a substantial business relationship; or
- (3) of which CAA's director, officer or employee (or a member of his or her immediate family) is an officer, director, director, general partner or employee.

It is understood that a director, officer or employee may be a direct or indirect party to a transaction with CAA which might create or provide the appearance of a conflict of interest, as above defined, if all the above disclosure and other requirements are met and if the transaction is fair to CAA.

IV. Use of CAA's Services, Property or Facilities for Personal Purposes.

No director, officer, or employee shall make use of CAA's services, property or facilities for any purpose that is not related to CAA's purposes.

V. Political Activities.

No director, officer or employee of CAA in the name of CAA or under the color of the official capacity or authority of CAA shall:

- (1) participate or become actively involved in any political campaign or in any other type of political activity, or
- (2) provide financial support for, or make contributions to or for the benefit of any political candidate, political party, or political action committee or provide financial support for or make contributions in support of any other political objective.

Notwithstanding the foregoing, CAA recognizes that each of its directors, officers, and employees has the right as a citizen to become involved in his or her individual capacity in the political process in California and on a national and local basis.

Any such participation or involvement by any person in a political campaign or other type of political activity or any contribution to or any other financial support of a political candidate or any other type of political contribution or support shall only be carried on or provided in an individual capacity.

VI. Compliance with Code of Conduct.

Each director, officer, and employee of CAA shall receive a copy of the Code of Conduct. Each such person shall be required to complete the disclosure statement and also shall certify that he or she has read the Code and agrees to comply with all standards and requirements set forth herein.