

Conflict of Interest Policy

This Conflict of Interest Policy governs the activities of the board and staff of Hālau Kū Māna. Questions about the policy should be directed to the Executive Director, Chair of the Board, or Compliance Officer. It is the duty of all board members and staff to be aware of this policy, and to identify conflicts of interest and situations that may result in the appearance of a conflict and to disclose those situations/conflicts/or potential conflicts to (i) the employee's supervisor (ii) the executive director, (iii) the Chair of the Board or (iv) the Compliance Officer, or other designated person, as appropriate. This policy provides guidelines for identifying conflicts, disclosing conflicts and procedures to be followed to assist Hālau Kū Māna in managing conflicts of interest and situations that may result in the appearance of a conflict.

- 1. What is a conflict of interest?** A conflict of interest arises when a board member or staff member has a personal interest that conflicts with the interests of Hālau Kū Māna or arise in situations where a board/staff member has divided loyalties (also known as a "duality of interest"). The former can result in situations that result in inappropriate financial gain to persons in authority at Hālau Kū Māna which can lead to financial penalties and violations of IRS regulations. Similarly, situations or transactions arising out of a conflict of interest can result in either inappropriate financial gain or the appearance of a lack of integrity in Hālau Kū Māna's decision-making process. Both results are damaging to Hālau Kū Māna and are to be avoided.
 - *Example #1:* A person in a position of authority over the Organization may benefit financially from a transaction between the Organization and the board/staff member; or others closely associated with the board/staff member may be affected financially. Family members, or their businesses, or other persons or the businesses of persons with whom the board/staff member is closely associated, could benefit from similar transactions.
 - *Example #2:* A conflict of interest could be a direct or indirect *financial interest* such as those described above, or a *personal interest* such as the situation where a board member of Hālau Kū Māna is also a board member of another nonprofit or for-profit entity in the community with which Hālau Kū Māna collaborates or conducts business.
- 2. Who might be affected by this policy?** Typically persons who are affected by a conflict of interest policy are the Organization's board members, officers, and senior staff. In some cases a major donor could also be in a conflict situation. Hālau Kū Māna takes a broad view of conflicts and board/staff are urged to think of how a situation/transaction would appear to outside parties when identifying conflicts or possible conflicts of interest.
- 3. Disclosure of Conflicts.** Board members and senior staff will annually disclose and promptly update any disclosures previously made to the Chairperson of the Board on an Annual Conflict Disclosure Questionnaire form provided by the Organization that requests them to identify their interests that could give rise to conflicts of interest, such as a list of family members, substantial business or investment holdings, and other transactions or

affiliations with businesses and other organizations or those of family members as well as other nonprofit organizations.

Board and staff are also urged to disclose conflicts as they arise as well as to disclose those situations that are evolving that may result in a conflict of interest. Advance disclosure must occur so that a determination may be made as to the appropriate plan of action to manage the conflict. Staff should disclose to their supervisor/Executive Director and board members should disclose to the board/Chairperson of the Board as soon as the person with the conflict is aware of the conflict/potential conflict or appearance of a conflict exists.

4. **Procedures to manage conflicts.** For each interest disclosed, the full board, or the Executive Director or the Chairperson of the Board, as appropriate, will determine whether the organization should: (a) take no action or (b) disclose the situation more broadly and invite discussion/resolution by the full board of what action to take, or (c) refrain from taking action and otherwise avoid the conflict. In most cases the broadest disclosure possible is advisable so that decision-makers can make informed decisions that are in the best interests of the organization.
 - When the conflict involves a decision-maker, the person with the conflict (“interested party”): (i) must fully disclose the conflict to all other decision-makers; (ii) may not be involved in the decision of what action to take (e.g., may not participate in a vote) but may serve as a resource to provide other decision-makers with needed information.
 - In some cases the person with the conflict may be asked to recuse him/herself from sensitive discussions so as not to unduly influence the discussion of the conflict.
 - In all cases, decisions involving a conflict will be made only by disinterested persons
 - The fact that a conflict was managed and the outcome will be documented in the minutes of board meetings if the conflict was related to a board member, and reported by the Executive Director to the board/Chair of the Board/other appropriate committee of the board (e.g., Audit committee) if the conflict was related to a staff member.
 - The Chairperson of the Board/Executive Director will monitor proposed or ongoing transactions of the organization (e.g., contracts with vendors and collaborations with third parties) for conflicts of interest and disclose them to the Board and staff, as appropriate, whether discovered before or after the transaction has occurred.

Guidelines for Grants

Initial meeting - Discussion of the grant

- attended by both parties (for HKM executive director and financial officer; for grant writer as determined by grant writer)
- identify purpose/goal of grant
- set timeline for grant writing
- set timeline for implementation of grant
- identify responsibility of school re: staff time, resources, space, supplies and materials
- determine amount of money requested and what it will cover
- identify additional staff and who will be responsible for their training, pay and supervision
- determine pay out of grant (reimbursement or award)
- determine administrative duties and payment for administrative duties
- determine reporting duties including final report
- all of the above reduced in a written MOA signed by both parties

During the grant writing time

- update progress on weekly basis
- co-operate in the sharing and collection of data as needed

At least 48 hours before submission of grant

- review of written grant by HKM (executive director and financial officer) with copy to PKM chair and treasurer
- tweak of grant as necessary
- require both parties to agree jointly on final version before filing of grant
- notice of filing and copy of final grant to all parties

Administration of Grant if Awarded

- exchange of monthly updates on administration and implementation by both parties
- prepare and file financial reports monthly with PKM
- prepare and file reports timely as required by grant with copies to both parties

Both parties= HKM and grant writer/non-profit

All parties= HKM, grant writer/non-profit, and PKM

Hālau Kū Māna Informal Complaint Form

- I. Please state your complaint. Be as specific as possible using dates, times, locations and persons involved. Use the back if necessary or attach additional pages.

- II. Please state your desired outcome.

Name _____ Date _____
Please provide contact information (phone, email address, address)

Submit completed form to Hālau Kū Māna Po‘o Kumu. If this complaint involves Po‘o Kumu, submit this form directly to the Executive Director.



State of Hawaii
Charter School Review Panel
73-4460 Queen Ka'ahumanu Hwy. #128
Kailua-Kona, Hawaii 96740
Tel: 808-721-8615 Email: csrp.hi@gmail.com

To: Local School Boards
Hawaii's Charter Schools
From: Charter School Review Panel
Re: Hawaii State Ethics Code

Please discuss the following at your next Local School Board meeting.

Each Local School Board has the responsibility to ensure that the school it oversees is abiding by the Hawaii State Ethics Code. The State Ethics Code (Chapter 84, Hawaii Revised Statutes) applies to legislators and employees of the State of Hawaii, including charter school personnel.

The State Ethics Code sets forth a minimum standard of conduct for state officials and state employees. Local School Boards are free to adopt a standard of conduct that is stricter than what is required by the State Ethics Code. Local School Boards should strongly consider adopting policies that set high ethical standards and address both conflicts/improprieties as well as the appearance of conflicts/improprieties. For example, a Local School Board's conflict of interest policy might prohibit an employee from participating in decision-making with regards to hiring a relative. Also, a LSB should strongly consider adopting a policy that prohibits LSB members who are related to the school's director from participating in decisions that affect the director's employment, such as salary decisions and performance evaluations.

A summary of this code can be downloaded at http://hawaii.gov/ethics/pubs_guides/ethicsguide.pdf. However, the LSB should be aware of the complete text of the code posted at www.hawaii.gov/ethics

Highlights include:

Fair Treatment (§84-13) – no state employee shall use or attempt to use his or her position to secure or grant unwarranted privileges, exemptions, advantages, contracts, or treatment, for himself/herself or others. An employee is prohibited from giving preferential treatment to anyone, including any relative or friend.

Conflicts of Interest (§84-14a) – no employee shall take any official action directly affecting a business or other undertaking in which he or she has a substantial financial interest. An employee is prohibited from taking official action affecting a business in which the employee or the employee's spouse or dependent child has a financial interest. In addition, an employee is prohibited from taking official action affecting a spouse's or dependent child's employment with a state agency.

Contracts (§84-15) – a state agency shall not enter into any contract to procure or dispose of goods or services, or for construction, with an employee, or a business in which an employee has a controlling interest, involving services or property of a value in excess of \$10,000 unless the contract is awarded by competitive bidding or the agency posts a notice of its intent to award the contract and files a copy of the notice with the state ethics commission at least ten days before the contract is awarded.

If you have questions about specific matters at your school, please call Mr. Stanley Chong of the Ethics Commission at 587-0460.

1/2011