

## CONFLICT OF INTEREST

### **Purpose of the Conflict of Interest Policy of the Archdiocese of Louisville:**

The Archdiocese of Louisville, including parishes, schools, agencies, and all other organizations included under the corporation sole, expects its priests, employees and the members of the Archdiocesan Finance Council and their various subcommittees, and members of any board, committee, or council with fiduciary responsibility for a parish, school, or agency (collectively referred to as "associates"), to act loyally toward the Archdiocese, to maintain the highest standards of ethics, and to maintain at all times an awareness of possible conflicts of interest, both in fact and in appearance. This policy is also meant to protect the Archdiocese's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an associate of the Archdiocese.

### **Definitions and Examples**

1. **Conflict of Interest** - Conflict of interest refers to a situation in which financial or other personal considerations may compromise or have the appearance of compromising an associate's professional judgment in administration, management or other professional activities.

A conflict of interest might arise when an associate is in a relationship that might lead to personal gain or provide an improper advantage for anyone. Ordinarily such problems may be resolved by full disclosure (see Procedures of Disclosure and Review section below) as well as by making appropriate arrangements that clearly exclude the associate from participating in related decisions. Examples of such relationships include but are not limited by the following:

- a. An associate has directly or indirectly through business, investment or family an ownership or investment interest in any entity with which the Archdiocese has a transaction or arrangement, or
- b. An associate has directly or indirectly through business, investment or family a compensation arrangement with the Archdiocese (excluding salary and wages earned through regular employment with the Archdiocese) or with any entity or individual with which the Archdiocese has a transaction or arrangement, or
- c. An associate has directly or indirectly through business, investment or family a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Archdiocese is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature (see Gifts, Payments and Favors below).

2. **Gifts, Payments, and Favors** - Gifts, payments and favors include vacations, loans, expenses, consultant fees, stipends, direct gifts of objects or money, etc. The term "indirect" includes the offering or accepting of gifts, payments, or favors by a relative, a person acting on behalf of the associate, or a business entity in which the associate has an interest.

## Procedures of Disclosure and Review

1. **Duty to disclose** - In connection with any actual or possible conflicts of interest, an associate must disclose the existence and nature of his or her potential conflict of interest. This disclosure must occur as soon as possible once an associate becomes aware of an actual or possible conflict of interest. Full disclosure of relevant information and the establishment of a written record are in the best interest of both the Archdiocese and the associate. It demonstrates good faith on the part of the associate and protects the individual's and the Archdiocese's reputation.

**Disclosure shall include the type of potential conflict (conflict of interest or commitment), the nature of the activity, a description of all parties involved, the potential financial interest and rewards, and any other information deemed necessary to evaluate the disclosure.**

These rules do not preclude those covered by this policy from offering or accepting of Christmas remembrances, thank you gifts, business meals, or occasional gifts of nominal value. When a potential conflict of interest occurs, a completed Conflict of Interest Disclosure Statement (see disclosure statement in Appendix – Accounting Sample Forms/Reports) must be submitted to the Archdiocesan Chancellor for review and evaluation.

2. **Review of disclosures** - The Chancellor shall review each conflict of interest disclosure. The Chancellor will carefully weigh the nature of each conflict and consult with the appropriate parties to determine if the situation:
  - a. is permissible since the disclosed information does not represent a possible source of bias or an inappropriate activity;
  - b. is permissible with modifications aimed at avoiding bias or inappropriate activities; or
  - c. is inconsistent with Archdiocesan policy and thus not permissible. If a potential conflict or the appearance of such conflict, in fact, exists, the Chancellor will recommend a plan to manage, reduce or eliminate the conflict.
3. **Maintain documents** - The Office of the Chancellor shall maintain in a secured area for five years the records of conflict-of-interest disclosures and subsequent actions recommended and taken.
4. **Distribution policy** - For the Archdiocese of Louisville and all entities covered under the corporation sole, this policy shall be given to new employees upon hiring and to those associates having fiduciary responsibility for parishes, school, and agencies.
5. **Failure to disclose** - Failure to disclose actual or potential conflicts of interest in a timely manner or refusal to cooperate in the management, reduction, or elimination of conflicts of interest will be grounds for disciplinary action, including possible termination of employment in the case of employees or removal from council positions as appropriate.

## **Disclosure Statements**

Each associate shall complete a statement that discloses actual and potential conflicts of interest and further affirms that such person:

1. has received a copy of the conflict of interest policy;
2. has read and understands the policy;
3. has agreed to follow the directives and procedures within the policy; and
4. understands that the Archdiocese is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

The Conflict of Interest Disclosure Statement must be completed by all new appointees to a committee or council with fiduciary responsibility for a parish, school, and agency. It is the responsibility of each associate to inform the Archdiocese of Louisville should a new conflict of interest arise subsequent to new employment or appointment.

**The Conflict of Interest Disclosure Statement can be found in the *Appendix – Accounting Sample Forms/Reports*.**