



Key Questions to Consider When Thinking About Conflicts of Interest

What is a “conflict of interest”?

A conflict of interest occurs when someone in a position of trust has competing professional or personal interests. These competing interests can possibly interfere with the person’s ability to remain impartial as they fulfill their duties. A conflict of interest involves not just the issue in question, but also people's perception of the issue and who is involved in making a decision. A conflict of interest exists even if no unethical or inappropriate decisions are made.

A key element of being a board member is acting with honesty and loyalty towards the organization. This means that board members are expected to avoid conflicts of interest and to disclose them if they exist. Board members are always required to act in the best interests of the organization.

Dealing with conflicts of interest can be tricky! Healthy practices include having a democratically-run organization where people from the community are involved at all levels (including the board). This means that the roles people play in the organization often overlap. But just because conflicts of interest can be challenging doesn't mean you can't participate in the organizations you care about.

What a board member decides to do about a conflict of interest is an individual choice. This means they have to decide whether to abstain from making a decision if they are involved or appear to be involved in a conflict of interest. For board members, no one else can decide that someone can't participate in a discussion or can't vote on a given issue due to a conflict of interest. It is up to the person involved in the actual or perceived conflict of interest to make that decision. However, if a board member is in a conflict of interest and doesn't abstain, that decision may be challenged. By-laws can serve as a good guide on how conflicts of interest are handled within our organizations. However, by-laws can never force a board members to not participate in discussing an issue or making a decision. Building a culture where dialogue and transparency are valued is an important means of encouraging people to talk about conflicts of interest when they arise.

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Sample “conflict of interest” by-law:

A director must report any situation of conflict of interest he is facing to the board of directors and such conflict must be noted in the minutes of the meeting following the disclosure. The member shall abstain from participating except to answers questions from board members in any discussion and vote on the issue

Should board members get paid?

While board members are legally allowed to be paid for their services as board members, in practices this is not well looked upon by the community or funders. Many organizations may choose to have an explicit by-law that clearly states that board members should not be paid for sitting on the board.

Board members are allowed to enter into contracts to do different kinds of work for the organization. However, this must be made public to all board members; recorded in the meeting minutes; and approved by the Board. In this case, it is a healthy practice for the Board member in question to abstain from the discussion and voting.

There are pros and cons to contracting with board members. On one hand, this allows an organization to get greatly discounted professional services (for example graphic design). On the other hand, it can be messy. Honesty, transparency and keeping good records of the decisions we make are key. It is a good idea for contracts with board members to be in writing.

Sample by-law on board remuneration:

Directors are not remunerated for holding office. They are however entitled to be reimbursed for expenses incurred related to their duties upon presentation of proper justification.

For a detailed sample by-law on board remuneration, check out:

Guide (Martel, Paul)

Administrateurs de corporations sans but lucratif: Le guide de vos droits, devoirs et responsabilités (Éditions Wilson & Lafleur, Martel Ltée., Montréal, 2^e édition, 2000) at p. 97

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