

## SFH308      Fiduciary Roles & Dilemmas

### OVERVIEW OF FIDUCIARY ROLES AND RESPONSIBILITIES AND THE FINANCIAL STANDARDS

#### Conflict of Interest Policy

NO ASSOCIATION OFFICIAL SHALL, DIRECTLY OR INDIRECTLY, HAVE ANY INTEREST OR RELATIONSHIP, TAKE ANY ACTION OR ENGAGE IN ANY TRANSACTION, OR INCUR AN OBLIGATION WHICH IS IN CONFLICT WITH, OR GIVES THE APPEARANCE OF A CONFLICT WITH, THE PROPER AND FAITHFUL PERFORMANCE OF HIS OR HER ASSOCIATION RESPONSIBILITIES.

#### Whistleblower Policy

CHARGES THE ASSOCIATION WHISTLEBLOWER OFFICER WITH OVERSEEING AND IMPLEMENTING PROCEDURES WHEREBY ANY PERSON WITH REASONABLE CAUSE TO BELIEVE AN ASSOCIATION OFFICIAL OR EMPLOYEE HAS ENGAGED OR IS ABOUT TO ENGAGE IN MISCONDUCT CAN MAKE A WRITTEN NOTIFICATION, ANONYMOUSLY IF REQUESTED, AND HAVE THE ALLEGATION ADDRESSED WITHOUT FEAR OF RETALITAION.

#### Fiduciary Duties

- **Duty of Care**
  - Good business judgment at all times
  - Due diligence in decision making
- **Duty of Loyalty**
  - Act in the best interest of the association and the members
  - Avoid conflicts of interest
- **Duty of Obedience**
  - Faithful to the mission and goals
  - Follow the governing documents

**Review the following scenarios and be prepared to discuss your group's answer.**

1: A board member with building access uses the company's meeting space to hold an unrelated business meeting for her personal consulting business. The meeting is conducted after hours, while the building is not in use. The board has authorized open access to the building for all board members.

What is the potential breach of duty and how could it be corrected?

What would you do?

2: A board member is part owner of a printing business which she has not disclosed to the board. The board member has insider information regarding the meetings and events to be held for the association in the next year. The board member has her partner prepare a bid for services and submit the bid to the association. The bid comes in below other vendors due to information the board member provided to her business partner. The association votes to approve the board member's printing business.

Which duty is violated? What change in facts could result in a positive situation for the board member?

What would you do?

3: A board member also sits on the board of an organization that has some common interests with the association. The "other" organization has just taken a vote of non-support of a very controversial legislative issue on the next election's ballot. At the following association meeting, discussion of the issue ensues and it is discovered that the association needs to support the legislative issue for financial reasons. The board member attempts to sway other members to vote against supporting the legislation because she strongly believes the other organization has a higher stake in the outcome. And after all, she has a duty of loyalty to the other organization.

What duties are violated by the board member? Is there a fact change that would resolve any violation?

What would you do?