



# Financial & Operational Standards

Of the National Education Association  
and Its Affiliates

Modified, September 2010 – NEA/NCSEA



We, the governance and employees of the National Education Association and its Affiliates (the Association), acknowledge our special responsibility to ensure the integrity, honesty and reputation of the Association. We pledge our support to the members, students and communities we serve. As leaders and employees, we are entrusted fiduciaries of the Association and the keepers of its voice. Members believe in us, support us and trust us with Association resources.

We, the governance and employees of the Association, accept the responsibility to treat Association resources with the utmost of care and to adhere to the highest ethical standards. To that end, we acknowledge the principles that will guide us, the control activities we will use to protect the resources entrusted to us, and our process to monitor those controls.

We acknowledge that to the best of the Association's ability, the guidelines contained in this document have been adopted and implemented.

DATED this \_\_\_\_\_ of \_\_\_\_\_, 20\_\_.

President \_\_\_\_\_

Executive Director \_\_\_\_\_

# Introduction

In response to the Enron and World.com financial scandals, Congress enacted the United States Public Company Accounting Reform and Investor Protection Act of 2002, commonly known as the Sarbanes-Oxley Act. In brief, the Sarbanes-Oxley Act -- which does not apply to non-profit entities (for the most part) -- seeks to protect shareholders and the general public from accounting irregularities and fraudulent activities. The publicity generated by the Sarbanes-Oxley Act -- and several recent high-profile incidents of conflicts of interest and corruption involving elected officials, unions, and corporations -- have prompted many non-profit organizations to voluntarily adopt policies designed to avoid conflicts of interest and ensure compliance with legal requirements.

In May 2003, NEA created a team chaired by then Secretary/Treasurer, Lily Eskelsen, state Vice-Presidents, Executive Directors, Business Managers, and NEA staff named the Work Team on Fiscal Responsibility. The Work Team developed the Financial & Operational Standards and the Whistleblower and Conflict of Interest policies for NEA Officials and Employees. The NEA Board of Directors approved the Financial & Operational Standards on February 14, 2004, the Whistleblower & Conflict of Interest policies at their May 5-6, 2006, meeting and the Audit Committee Policy in 2007.

These standards and policies were distributed to the State Association Officers, Executive Directors and Business Managers to serve as guidelines/recommendations for best practices in financial management. NEA encouraged all affiliates to adopt the policies mentioned above. A sample internal control manual had been distributed to all state associations with recommended Internal Controls procedures.

In continuation of our Association and its Affiliates promoting and maintaining a high standard of fiduciary responsibility and accountability, NEA and NCSEA have launched a joint effort to update our standards of financial performance and reporting and to promote our policies of disclosure. In its review of the Financial & Operational Standards, this partnership proposes the updated enclosed Financial & Operational Standards that showcase current fiduciary principles to promote solid financial management. We highly recommend adoption of these guidelines as well as an annual review by state affiliates.

# Financial & Operational Standards

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# I. Code of Ethical Conduct

In fulfillment of our obligation we commit to:

1. Exercise appropriate fiduciary responsibilities over Association resources;
2. Not having, directly or indirectly, an interest or relationship, take an action or engage in any transaction or incur any obligation which is in conflict with, or gives the appearance of a conflict with, the proper and faithful performance of our responsibilities;
3. Comply with policies of the Association and applicable laws and regulations;
4. Respect confidentiality of information acquired in the course of our work;
5. Provide Association constituents with information that is complete, accurate and appropriate;
6. Carry out activities professionally, with honesty and integrity;
7. Not knowingly be a party to any illegal activity or breach of fiduciary responsibility;
8. Report violations of this Code in accordance with all applicable rules of procedure;
9. Institute due process policies for violations of this Code of Ethics;
10. Be accountable for adhering to this Code.

## II. Integrity of Internal Controls

A strong Internal Control structure is fundamental to achieving Association goals. Internal Controls must be designed to provide reasonable assurances regarding the safeguarding of resources against mistakes, fraud or abuse, reliability of operating and financial information, continued commitment to compliance with Association policies, applicable laws and regulations, and the accuracy of our business activities and records. Internal Controls must be built on uncompromising integrity, good business judgment and a culture of good control practices.

In fulfillment of our obligation to maintain the highest standards of quality in financial reporting through business ethics and effective internal controls, we support:

1. A control environment founded on ethical values and technical competence;
2. The identification and analysis of relevant internal and external risks that can hinder the achievement of business and Association objectives;
3. The implementation of control activities that mitigate each identified risk, with the appropriate focus on prevention, detection and correction;
4. The institution of fluid information pathways among management, employees and governance that capture, process and communicate relevant internal and external information in a timely manner;
5. Systems of evaluation and assessment to monitor whether Internal Controls are adequate, effective and adaptive;
6. Adoption of formal internal control policies and procedures;
7. Documentation of systems of internal control procedures in a comprehensive manner as well as roles and responsibilities of governance and employees;
8. Appropriately communicating with and educating governance and employees on their roles and responsibilities.

## III. Responsibility of the Audit Committee(s)<sup>1</sup>

In the spirit of sound fiscal practices, we believe in the oversight of our financial systems. While Audit Committees are not a required element in the oversight of financial systems in not for profit organizations, they are highly recommended. Listed below is what is necessary if an Audit Committee(s) are applicable to an Affiliate.

Audit Committees may be an existing governance body or a specially charged committee. Management has an important operational role working with vendors and auditors and should assist the Audit Committee(s), but the Committee(s) must be independent of management, informed and trained to understand basic finances, the role of an auditor and their role to report and advise.

It is highly recommended that the Audit Committee(s) should consist of at least one member of whom shall have financial expertise and is independent<sup>2</sup> of the Association (see Independent Financial Expert Qualifications in section IV).

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<sup>1</sup> A state could have more than one Audit Committee if it so chooses to cover all related financial entities.

<sup>2</sup> Independent of Association means that, apart from his or her membership on the Audit Committee, a person does not hold a governance or staff position with the Association, have a financial relationship with Association or otherwise serve as an agent or representative of the Association.

In fulfillment of our obligation to monitor, question, inform, improve and advise, and as those responsible for the fairness, thoroughness and accuracy of financial information, we strongly support the institution of an Audit Committee(s) that will:

1. Report to our Executive Committee and/or Board of Directors at least annually;
2. Review and understand financial statements;
3. Be responsible for the recommendation to the appropriate body of the appointment, compensation and presentation of the work of any public accounting firm performing audit services;
4. Review any audit problems or difficulties, and recommend to the appropriate body resolution of disagreements between the independent auditor and management;
5. Review the Management Letter provided by the independent auditor;
6. Establish procedures for the receipt, retention and treatment of complaints received regarding internal controls and auditing;
7. Request to engage independent counsel, independent financial experts or other advisors, as determined necessary to carry out its duties;
8. Participate in training necessary to fulfill these duties.
9. Be aware of all established material<sup>1</sup> related<sup>2</sup> entities/subsidiaries and the specific nature of the relationship with such entities.

<sup>1</sup>A related entity is considered *material* if either of the following two tests are met: net assets are equal to at least 10% of the state association net assets, or total revenues are equal to at least 10% of the state association dues revenues.

<sup>2</sup>An entity is considered *related* if any of the following tests are met: it is wholly or partially owned by the association; it is controlled by the Association through financial support or governance appointment; or it is an entity for which the Association has a financial interest, including those where a legal or ethical duty exists to guarantee obligations. Examples include, but are not limited to, foundations; political action committees; scholarship funds; property holding companies; trusts for the benefit of employees of the association; and trusts that are managed by or under trusteeship of the Association's management.



## IV. Audit Committee Independent Financial Expert Qualifications

An audit committee independent financial expert should possess the following knowledge and skills.

- An understanding of financial statement presentation and generally accepted accounting principles.
- An understanding of the scope of a financial audit and generally accepted auditing standards.
- Prior experience analyzing or auditing financial statements that are reasonably comparable in the scope of issues and level of complexity expected for the association.
- The ability to evaluate the application of generally accepted accounting principles related to accruals, valuations, and classifications.
- An understanding of internal controls and appropriate compensating controls.
- The ability to effectively communicate financial information and concepts.

An independent financial expert may have acquired the appropriate knowledge and skills through the following education and experience:

- Higher education in accounting, finance, economics, or business that includes financial data analysis and reporting.
- Experience as a chief financial officer, business manager, auditor, public accountant, or similar positions that was reasonably comparable in scope and complexity.

## V. Whistleblower and Conflict of Interest Policies

In furtherance of setting standards for ethics, internal controls and monitoring of Association finances NEA adopted Whistleblower and Conflict of Interest policies for both NEA Officials and Employees.

Attached are copies of these four policies adopted by the NEA Board of Directors. Please use these policies as guidance in developing similar policies with your Association or contact the NEA Office of the Chief Financial Officer for assistance.

1. Whistleblower Policy for NEA Officials
2. Whistleblower Policy for NEA Employees
3. Conflict of Interest Policy for NEA Officials
4. Conflict of Interest Policy for NEA Employees

## V.1 Whistleblower Policy for NEA Officials

NEA officials are obligated to comply with all relevant legal requirements in carrying out their NEA responsibilities. A failure to meet this obligation – whether intentional or inadvertent – can have adverse consequences for the reputation and operation of NEA. The purpose of this Whistleblower Policy (“WB Policy”) is to establish a procedure by means of which any such failures can be brought to the attention of NEA, so that appropriate corrective action can be taken.

### I. DEFINITIONS

As used in the WB Policy, the following terms have the meanings indicated:

- A. The term “misconduct” means an action taken by an NEA official in carrying out his or her NEA responsibilities that is in violation of a legal requirement.
- B. The term “NEA official” means an NEA Executive Officer, a member of the NEA Executive Committee, a member of the NEA Board of Directors, a member of an NEA Committee, and any other person designated by NEA governance to represent NEA. The term does not mean an employee of, or a consultant retained by, NEA.
- C. The term “person” means a member of NEA, an employee of NEA or an NEA affiliate, a consultant or vendor who does or seeks to do business with NEA or an NEA affiliate, and any other representative of NEA or an NEA affiliate.
- D. The term “WB Officer” means the person who is responsible for the implementation of the WB Policy.
- E. The term “whistleblower” means a person who notifies the WB Officer of an action that he or she has reasonable cause to believe constitutes misconduct.

### II. WB OFFICER

The NEA Vice-President shall serve as the WB Officer, and shall in that capacity be responsible for the implementation of the WB Policy. The WB Officer shall monitor the implementation of the WB Policy, and make periodic reports regarding its implementation to the NEA Executive Committee. The NEA Executive Committee shall recommend to the NEA Board of Directors such modifications in the Policy as it may from time to time deem appropriate.

### III. NOTIFYING NEA OF ALLEGED MISCONDUCT

- A. Any person who has reasonable cause to believe that an NEA official has engaged or is about to engage in misconduct, should notify the WB Officer in writing. That person (the whistleblower) shall identify himself or herself in the notice to the WB Officer, but the WB Officer shall, if requested to do so by the whistleblower, treat the notice as anonymous and shall not, except in response to a legal mandate, reveal the whistleblower's name. If the WB Officer is unavailable, and the whistleblower believes that a delay in providing notification can have adverse consequences for NEA, he or she may notify the NEA Secretary-Treasurer, who shall as soon as possible thereafter turn the matter over to the WB Officer.
- B. If, based upon the information provided by the whistleblower and other relevant information, the WB Officer has reasonable cause to believe that an NEA official has engaged or is about to engage in misconduct, the WB Officer shall turn the matter over to the NEA Office of General Counsel ("OGC").
- C. The OGC shall conduct an expeditious investigation of the alleged misconduct, and shall submit to the WB Officer a written opinion setting forth its conclusions as to whether the NEA official has engaged or is about to engage in misconduct, and, if so, what should be done to correct the situation.
- D. After consulting with the NEA Executive Committee, the WB Officer shall arrange for such action to be taken as he or she deems appropriate to correct the situation.
- E. If the WB Officer concludes that any person has made an allegation of misconduct, or has participated in an investigation of alleged misconduct, in bad faith or without reasonable cause, the WB Officer, after consulting with the NEA Executive Committee, shall arrange for appropriate disciplinary action to be taken against that person.

### IV. PROTECTION OF PERSONS WHO PROVIDE EVIDENCE OF ALLEGED MISCONDUCT

- A. Except as otherwise provided in Section III (E) above, no person shall be subject to any form of direct or indirect retaliation by an NEA official, an NEA employee, or other NEA representative because he or she (1) is a whistleblower, (2) has participated in an investigation of alleged misconduct, or (3) has in good faith in any other way been involved in the implementation of the WB Policy.
- B. If any person believes that he or she has been subject to retaliation in violation of Section A above, that person shall report such retaliation to the WB Officer. The WB Officer shall investigate the matter, and if the WB Officer concludes that an NEA official, NEA employee, or other NEA representative has engaged in retaliation, the WB Officer, after consulting with the NEA Executive Committee, shall arrange for appropriate disciplinary action to be taken against said NEA official, NEA employee, or representative of NEA.

## V. MISCELLANEOUS

- A. Nothing in the WB Policy shall be interpreted or applied to deprive any person of any right that he or she may have under the NEA governing documents, a contract with NEA, or a statute. To the extent that the WB Policy is inconsistent with any such right, the right in the NEA governing document, contract with NEA, or statute shall take precedence.
- B. Any person who believes that an NEA official has engaged or is about to engage in misconduct is encouraged to exhaust the WB Policy before attempting to deal with the matter in any other forum.
- C. All information and documents involved in the implementation of the WB Policy shall be treated as confidential, and the WB Officer shall make such information and documents available to others only on an “as needed” basis. To the extent relevant, all privileges, including the attorney/client and attorney work product privileges, shall apply to information and documents involved in the implementation of the WB Policy.
- D. If a question arises as to whether the WB Officer has engaged, may be engaged, or is about to engage in misconduct, the matter shall be dealt with by the NEA President.

## VI. EFFECTIVE DATE AND AMENDMENT; DISTRIBUTION

- A. The WB Policy shall become effective on the date that it is adopted by the NEA Board of Directors, and shall supersede all prior NEA policies dealing with the same subject. The Board of Directors may amend the WB Policy from time to time as it deems appropriate.
- B. The WB Policy shall be posted on InsideNEA, and a copy of the Policy shall be distributed to all NEA officials, all candidates for NEA office, and all persons who become members of NEA committees or are otherwise designated to represent NEA.

## V.2 Whistleblower Policy for NEA Employees

NEA employees are obligated to comply with all relevant legal requirements in carrying out their NEA responsibilities. A failure to meet this obligation – whether intentional or inadvertent – can have adverse consequences for the reputation and operation of NEA. The purpose of this Whistleblower Policy (“WB Policy”) is to establish a procedure by means of which any such failures can be brought to the attention of NEA, so that appropriate corrective action can be taken.

### I. DEFINITIONS

As used in the WB Policy, the following terms have the meanings indicated:

- A. The term “misconduct” means an action taken by an NEA employee in carrying out his or her NEA responsibilities that is in violation of a legal requirement.
- B. The term “NEA employee” means a regular, probationary, part-time, or temporary employee of NEA, and a consultant or vendor that does or seeks to do business with NEA. The term does not mean an NEA officer.
- C. The term “person” means a member of NEA, an employee of NEA or an NEA affiliate, a consultant or vendor who does or seeks to do business with NEA or an NEA affiliate, and any other representative of NEA or an NEA affiliate.
- D. The term “WB Officer” means the person who is responsible for the implementation of the WB Policy.
- E. The term “whistleblower” means a person who notifies the WB Officer of an action that he or she has reasonable cause to believe constitutes misconduct.

### II. WB OFFICER

The NEA Deputy Executive Director shall serve as the WB Officer, and shall in that capacity be responsible for the implementation of the WB Policy. The WB Officer shall monitor the implementation of the WB Policy, and recommend to the NEA Executive Director such modifications in the Policy as he or she may from time to time deem appropriate.

### III. NOTIFYING NEA OF ALLEGED MISCONDUCT

- A. Any person who has reasonable cause to believe that an NEA employee has engaged or is about to engage in misconduct, should notify the WB Officer in writing. That person (the whistleblower) shall identify himself or herself in the notice to the WB Officer, but the WB Officer shall, if requested to do so by the whistleblower, treat the notice as anonymous and shall not, except in response to a legal mandate, reveal the whistleblower's name. If the WB Officer is unavailable, and the whistleblower believes that a delay in providing notification can have adverse consequences for NEA, he or she may notify the NEA Chief Financial Officer, who shall as soon as possible thereafter turn the matter over to the WB Officer.
- B. If, based upon the information provided by the whistleblower and other relevant information, the WB Officer has reasonable cause to believe that an NEA employee has engaged or is about to engage in misconduct, the WB Officer shall turn the matter over to the NEA Office of General Counsel ("OGC").
- C. The OGC shall conduct an expeditious investigation of the alleged misconduct, and shall submit to the WB Officer a written opinion setting forth its conclusions as to whether the NEA employee has engaged or is about to engage in misconduct, and, if so, what should be done to correct the situation.
- D. After consulting with the NEA Executive Director, the WB Officer shall arrange for such action to be taken as he or she deems appropriate to correct the situation.
- E. If the WB Officer concludes that any person has made an allegation of misconduct, or has participated in an investigation of alleged misconduct, in bad faith or without reasonable cause, the WB Officer, after consulting with the NEA Executive Director, shall arrange for appropriate disciplinary action to be taken against that person.

### IV. PROTECTION OF PERSONS WHO PROVIDE EVIDENCE OF ALLEGED MISCONDUCT

- A. Except as otherwise provided in Section III (E) above, no person shall be subject to any form of direct or indirect retaliation by an NEA official, an NEA employee, or other NEA representative because he or she (1) is a whistleblower, (2) has participated in an investigation of alleged misconduct, or (3) has in good faith in any other way been involved in the implementation of the WB Policy.
- B. If any person believes that he or she has been subject to retaliation in violation of Section A above, that person shall report such retaliation to the WB Officer. The WB Officer shall investigate the matter, and if the WB Officer concludes that an NEA official, NEA employee, or other NEA representative has engaged in retaliation, the WB Officer, after consulting with the NEA Executive Director, shall arrange for appropriate disciplinary action to be taken against said NEA official, NEA employee, or representative of NEA.

## V. MISCELLANEOUS

- A. Nothing in the WB Policy shall be interpreted or applied to deprive any person of any right that he or she may have under the NEA governing documents, a collective bargaining agreement or other contract with NEA, or a statute, including any right that an NEA employee may have to challenge any disciplinary action that may be taken against him or her pursuant to Sections III (E) or IV (A) of the WB Policy through the grievance procedure in a collective bargaining agreement with NEA. To the extent that the WB Policy is inconsistent with any such right, the right in the NEA governing document, collective bargaining agreement or other contract with NEA, or statute shall take precedence.
- B. Any person who believes that an NEA employee has engaged or is about to engage in misconduct is encouraged to exhaust the WB Policy before attempting to deal with the matter in any other forum.
- C. All information and documents involved in the implementation of the WB Policy shall be treated as confidential, and the WB Officer shall make such information and documents available to others only on an “as needed” basis. To the extent relevant, all privileges, including the attorney/client and attorney work product privileges, shall apply to information and documents involved in the implementation of the WB Policy.
- D. If a question arises as to whether the WB Officer has engaged or is about to engage in misconduct, the matter shall be dealt with by the NEA Executive Director. If such a question arises with regard to the NEA Executive Director, the matter shall be dealt with by the NEA Executive Committee.

## VI. EFFECTIVE DATE AND AMENDMENT; DISTRIBUTION

- A. The WB Policy shall become effective on the date that it is adopted by the NEA Executive Committee, and shall supersede all prior NEA policies dealing with the same subject. The NEA Executive Committee may amend the WB Policy from time to time as it deems appropriate, provided that written notice of any proposed amendment shall be given to the presidents of the unions and other organizations that represent NEA employees at least thirty (30) calendar days before the amendment is acted on by the NEA Executive Committee.
- B. The WB Policy shall be posted on InsideNEA, and a copy of the Policy shall be distributed to all NEA employees.



## V.3 Conflict of Interest Policy for NEA Officials

NEA officials have a fiduciary obligation to act in the best interests of NEA. The purpose of this Conflict of Interest Policy for NEA Officials (“CI Policy”) is to provide guidance to NEA officials in complying with this fiduciary obligation.

### I. DEFINITIONS

As used in the CI Policy, the following terms have the meanings indicated:

- A. The term “NEA official” means an NEA Executive Officer, a member of the NEA Executive Committee, a member of the NEA Board of Directors, a member of an NEA committee, and any other person designated by NEA governance to represent NEA. The term does not mean an employee of, or a consultant retained by, NEA;
- B. The term “immediate family” of an NEA official means his or her parent, spouse or spousal equivalent, child, grandparent, grandchild, sibling, mother-or father-in-law, sister-or brother-in-law, or daughter-or son-in-law;
- C. The term “directly or indirectly” means an action taken by an NEA official in his or her own name (directly), or through a member of the immediate family or a business associate of an NEA official (indirectly);
- D. The term “participate in an NEA decision” means the authority to approve, disapprove, recommend, or otherwise influence the position taken by NEA; and
- E. The term “Conflict of Interest Officer” means the person who is responsible for the implementation of the CI Policy.

### II. STATEMENT OF PRINCIPLE

No NEA official shall, directly or indirectly, have any interest or relationship, take any action or engage in any transaction, or incur any obligation which is in conflict with, or gives the appearance of a conflict with, the proper and faithful performance of his or her NEA responsibilities.

### III. PROHIBITED ACTIVITIES

The activities that are prohibited by the Statement of Principle set forth in Section II include, but are not limited to, the following:

- A. No NEA official shall, without the advance written approval of the CI Officer, have a direct or indirect financial or personal interest in or relationship with any business, firm, person, or entity that does or seeks to do business with NEA. This prohibition shall not apply to investments in a business, firm, or other entity through the purchase of securities that are traded on a registered national securities exchange, or utilizing any services that the business, firm, person, or entity makes available to the general public in the normal course of business.
- B. No NEA official shall receive any compensation, gift, gratuity, loan or other thing of value from any business, firm, person, or other entity which does or seeks to do business with NEA, or which has financial or other interests that may be affected by the performance or nonperformance of the NEA official's NEA responsibilities. The term "business, firm, person or other entity" does not include NEA affiliates or subsidiary organizations (e.g., NEA Member Benefits Corporation), and the term "compensation, gift, gratuity, loan, or any other thing of value" does not include an item that has a value of \$250 or less, or a loan that is available to the general public on similar terms. The prohibition in this Section III (B) shall not apply if the NEA official receives the item in question in order to perform his or her NEA responsibilities.
- C. No NEA official shall, (1) except in the performance of his or her NEA responsibilities or in response to a legal mandate, disclose any information obtained by reason of his or her NEA position that is not otherwise available to the general membership of NEA, and that could be used to the detriment of NEA, or (2) use or permit others to use any information obtained by reason of his or her NEA position that is not otherwise available to the general membership of NEA to directly or indirectly further the NEA official's financial or personal interest.
- D. No NEA official shall, without the advance written approval of the CI Officer, directly or indirectly sell goods or services to NEA. This prohibition shall not apply to the payment, in accordance with NEA policy, of compensation or a stipend to an NEA official for carrying out his or her NEA responsibilities.
- E. No NEA official shall accept any other position or assignment which would conflict with his or her fiduciary obligation to act in the best interests of NEA, or interfere with the NEA official's ability to properly carry out his or her NEA responsibilities.
- F. No NEA official shall use or permit others to use his or her position with NEA to create the impression that NEA endorses or has endorsed a product, service or program when that is not in fact the case, or to otherwise directly or indirectly further the NEA official's financial or personal interest.

#### IV. IMPLEMENTATION PROCEDURE

- A. The NEA Secretary-Treasurer shall serve as the Conflict of Interest Officer (“CI Officer”), and shall in that capacity be responsible for the implementation of the CI Policy. The CI Officer shall monitor the implementation of the CI Policy, and make periodic reports regarding its implementation to the NEA Executive Committee. The NEA Executive Committee shall recommend to the NEA Board of Directors such modifications in the Policy as it may from time to time deem appropriate.
- B. (1) If an NEA official believes that he or she may be engaged or about to become engaged in an activity that is prohibited by the CI Policy, he or she shall consult with the CI Officer. The NEA official and the CI Officer shall attempt to deal with the matter informally. If they are unable to do so, the CI Officer shall submit to the NEA official a written opinion indicating whether the activity in question is prohibited by the CI Policy, and, if so, what should be done to correct the situation. (2) If the NEA official disagrees, in whole or in part, with the conclusions of the CI Officer, he or she may appeal to the NEA Executive Committee by filing a written notice of appeal with the NEA President within ten (10) calendar days after receiving the opinion of the CI Officer. The Executive Committee shall decide the appeal as expeditiously as possible, and the decision of the Executive Committee shall be final and binding. If the NEA official files a timely appeal, he or she need not comply with the opinion of the CI Officer pending the outcome of the appeal. If the NEA official does not file a timely appeal, he or she shall comply with the opinion of the CI Officer.
- C. (1) If an NEA member or employee believes that an NEA official is engaged or is about to become engaged in an activity that is prohibited by the CI Policy, the member or employee may file a written complaint with the CI Officer. The complainant shall identify himself or herself to the CI Officer, but the CI Officer shall, if requested to do so by the complainant, treat the complaint as anonymous and not reveal the complainant’s name. (2) Upon receiving a complaint, the CI Officer shall consult with the complainant and the NEA official in question. Based upon the information received from the complainant and the NEA official, and/or other relevant information, the CI Officer shall decide whether the NEA official is engaged or is about to become engaged in an activity that is prohibited by the CI Policy, and, if so, what should be done to correct the situation. The CI Officer shall submit to the NEA official and the complainant a written opinion setting forth his or her conclusions. (3) If the NEA official disagrees, in whole or in part, with the conclusions of the CI Officer, he or she may appeal to the NEA Executive Committee by filing a written notice of appeal with the NEA President within ten (10) calendar days after receiving the opinion of the CI Officer. The Executive Committee shall decide the appeal as expeditiously as possible, and the decision of the Executive Committee shall be final and binding. If the NEA official files a timely appeal, he or she need not comply with the opinion of the CI Officer pending the outcome of the appeal. If the NEA official does not file a timely appeal, he or she shall comply with the opinion of the CI Officer.

- D. In implementing the CI Policy, the CI Officer and the NEA Executive Committee shall consider all relevant factors, including the specific NEA responsibilities of the NEA official and the nature of the allegedly prohibited activity, and shall interpret and apply the CI Policy in a manner that furthers its intended purpose.

#### V. MISCELLANEOUS

- A. Nothing in the CI Policy shall be interpreted or applied to deprive an NEA official of any right that he or she may have under the NEA governing documents, a contract with NEA, or a statute. To the extent that the CI Policy is inconsistent with any such right, the right in the NEA governing document, contract with NEA, or statute shall take precedence.
- B. If a question arises as to whether the CI Officer or another member of the Executive Committee may be engaged or about to become engaged in an activity that is prohibited by the CI Policy, the matter shall be dealt with by the other members of the NEA Executive Committee.
- C. All information and documents involved in the implementation of the CI Policy shall be treated as confidential, and the CI Officer shall make such information and documents available to others only on an “as needed” basis.

#### VI. EFFECTIVE DATE AND AMENDMENT; DISTRIBUTION

- A. The CI Policy shall become effective on the date that it is adopted by the NEA Board of Directors, and shall supersede all prior NEA policies dealing with the same subject. The Board of Directors may amend the CI Policy from time to time as it deems appropriate.
- B. The CI Policy shall be posted on InsideNEA, and a copy of the Policy shall be distributed to all NEA officials, all candidates for NEA office, and all persons who become members of NEA committees or are otherwise designated to represent NEA.

## V.4 Conflict of Interest Policy for NEA Employees

NEA employees have an obligation to carry out their NEA responsibilities in a manner that advances the interests of NEA and to take no action in the course of their employment or otherwise that could be detrimental to those interests. The purpose of this Conflict of Interest Policy for NEA Employees (“CI Policy”) is to provide guidance to NEA employees in complying with this obligation.

### I. DEFINITIONS

As used in the CI Policy, the following terms have the meanings indicated:

- A. The term “NEA employee” means a regular, probationary, part-time, or temporary NEA employee. The term does not mean a consultant retained by NEA;
- B. The term “immediate family” of an NEA employee means his or her parent, spouse or spousal equivalent, child, grandparent, grandchild, sibling, mother-or father-in-law, sister-or brother-in-law, or daughter-or son-in-law;
- C. The term “directly or indirectly” means an action taken by an NEA employee in his or her own name (directly), or through a member of the immediate family or a business associate of an NEA employee (indirectly);
- D. The term “participate in an NEA decision” means the authority to approve, disapprove, recommend, or otherwise influence the position taken by NEA; and
- E. The term “Conflict of Interest Officer” means the person who is responsible for the implementation of the CI Policy.

### II. STATEMENT OF PRINCIPLE

No NEA employee shall, directly or indirectly, have any interest or relationship, take any action or engage in any transaction, or incur any obligation which is in conflict with, or gives the appearance of a conflict with, the proper and faithful performance of his or her NEA responsibilities.

### III. PROHIBITED ACTIVITIES

The activities that are prohibited by the Statement of Principle set forth in Section II include, but are not limited to, the following:

- A. No NEA employee shall, without the advance written approval of the CI Officer, have a direct or indirect financial or personal interest in or relationship with any business, firm, person, or entity that does or seeks to do business with NEA. This prohibition shall not apply to investments in a business, firm, or other entity through the purchase of securities that are traded on a registered national securities exchange, or utilizing any services that the business, firm, person, or entity makes available to the general public in the normal course of business.
- B. No NEA employee shall receive any compensation, gift, gratuity, loan or other thing of value from any business, firm, person, or other entity which does or seeks to do business with NEA, or which has financial or other interests that may be affected by the performance or nonperformance of the NEA employee's NEA responsibilities. The term "business, firm, person or other entity" does not include NEA affiliates or subsidiary organizations (e.g., NEA Member Benefits Corporation), and the term "compensation, gift, gratuity, loan, or any other thing of value" does not include an item or items received during an NEA membership year with an aggregate value of \$250 or less, or a loan that is available to the general public on similar terms. The prohibition in this Section III (B) shall not apply if the NEA employee receives the item in question in order to perform his or her NEA responsibilities.
- C. No NEA employee shall, (1) except in the performance of his or her NEA responsibilities or in response to a legal mandate, disclose any information obtained by reason of his or her NEA employment that is not otherwise available to the general membership of NEA, and that could be used to the detriment of NEA; or (2) use or permit others to use information obtained by reason of his or her NEA employment that is not otherwise available to the general membership of NEA to directly or indirectly further the NEA employee's financial or personal interest.
- D. No NEA employee shall, without the advance written approval of the CI Officer, directly or indirectly sell goods or services to NEA. This prohibition shall not apply to the payment of compensation to an NEA employee for carrying out his or her NEA responsibilities.
- E. No NEA employee shall accept any other position or assignment which would conflict with his or her obligation to carry out his or her NEA responsibilities in a manner that advances the interests of NEA, or interfere with the NEA employee's ability to properly carry out those responsibilities.
- F. No NEA employee shall use or permit others to use his or her employment with NEA to create the impression that NEA endorses or has endorsed a product, service or program when that is not in fact the case.

- G. No NEA employee shall, without the advance written approval of the NEA CI Officer, use his or her NEA employment to directly or indirectly further the NEA employee's financial or personal interest.

#### IV. IMPLEMENTATION PROCEDURE

- A. The NEA Chief Financial Officer shall serve as the Conflict of Interest Officer ("CI Officer"), and shall in that capacity be responsible for the implementation of the CI Policy. The CI Officer shall monitor the implementation of the CI Policy, and recommend to the NEA Executive Director such modifications in the Policy as he or she may from time to time deem appropriate.
- B. (1) If an NEA employee believes that he or she may be engaged or about to become engaged in an activity that is prohibited by the CI Policy, he or she shall consult with the CI Officer. The NEA employee and the CI Officer shall attempt to deal with the matter informally. If they are unable to do so, the CI Officer shall submit to the NEA employee a written opinion indicating whether the activity in question is prohibited by the CI Policy, and, if so, what should be done to correct the situation. (2) If the NEA employee disagrees, in whole or in part, with the conclusions of the CI Officer, he or she may appeal to the NEA Executive Director by filing a written notice of appeal with the NEA Executive Director within ten (10) calendar days after receiving the opinion of the CI Officer. The Executive Director shall decide the appeal as expeditiously as possible, and the decision of the Executive Director shall be final and binding, subject to whatever contractual rights the NEA employee may have to challenge the Executive Director's decision, including, without limitation, his or her right to challenge said decision through the grievance procedure in a collective bargaining agreement with NEA. If the NEA employee files a timely appeal, he or she need not comply with the opinion of the CI Officer pending the outcome of the appeal. If the NEA employee does not file a timely appeal, he or she shall comply with the opinion of the CI Officer. If the NEA employee is a member of a bargaining unit, he or she may, at his or her option, have a union representative participate in the consultation and appeal.
- C. (1) If an NEA member or employee believes that an NEA employee is engaged or is about to become engaged in an activity that is prohibited by the CI Policy, the member or employee may file a written complaint with the CI Officer. The complainant shall identify himself or herself to the CI Officer, but the CI Officer shall, if requested to do so by the complainant, treat the complaint as confidential and not reveal the complainant's name. (2) Upon receiving a complaint, the CI Officer shall consult with the complainant and the NEA employee in question. Based upon the information received from the complainant and the NEA employee, and/or other relevant information, the CI Officer shall decide whether the NEA employee is engaged or is about to become engaged in an activity that is prohibited by the CI Policy, and, if so, what should be done to correct the situation. The CI Officer shall submit to the NEA employee and the complainant a written opinion setting forth his or her conclusions. (3) If the NEA employee disagrees, in whole or in part, with the conclusions of the CI Officer, he or she may appeal to the NEA Executive Director by filing a written notice of appeal with the NEA Executive



Director within ten (10) calendar days after receiving the opinion of the CI Officer. The Executive Director shall decide the appeal as expeditiously as possible, and the decision of the NEA Executive Director shall be final and binding, subject to whatever contractual rights the NEA employee may have to challenge the Executive Director's decision, including, without limitation, his or her right to challenge said decision through the grievance procedure in a collective bargaining agreement with NEA. If the NEA employee files a timely appeal, he or she need not comply with the opinion of the CI Officer pending the outcome of the appeal. If the NEA employee does not file a timely appeal, he or she shall comply with the opinion of the CI Officer. If the NEA employee is a member of a bargaining unit, he or she may, at his or her option, have a union representative participate in the consultation and appeal.

- D. In implementing the CI Policy, the CI Officer and the NEA Executive Director shall consider all relevant factors, including the specific NEA responsibilities of the NEA employee and the nature of the allegedly prohibited activity, and shall interpret and apply the CI Policy in a manner that furthers its intended purpose.

#### V. MISCELLANEOUS

- A. Nothing in the CI Policy shall be interpreted or applied to deprive an NEA employee of any right that he or she may have under a contract with NEA or a statute. To the extent that the CI Policy is inconsistent with any such right, the contractual or statutory right shall take precedence.
- B. If a question arises as to whether the CI officer has engaged, may be engaged, or is about to become engaged in an activity that is prohibited by the CI Policy, the matter shall be dealt with by the NEA Executive Director. If such a question arises with regard to the NEA Executive Director, the matter shall be dealt with by the NEA Executive Committee.
- C. All information and documents involved in the implementation of the CI Policy shall be treated as confidential, and the CI Officer shall make such information and documents available to others only on an "as needed" basis.



## VI. EFFECTIVE DATE AND AMENDMENT; DISTRIBUTION

- A. The CI Policy shall become effective on the date that it is adopted by the NEA Executive Committee, and shall supersede all prior NEA policies dealing with the same subject. The NEA Executive Committee may amend the CI Policy from time to time as it deems appropriate, provided that written notice of any proposed amendment shall be given to the presidents of the unions and other organizations that represent NEA employees at least thirty (30) calendar days before the amendment is acted on by the NEA Executive Committee.
- B. The CI Policy shall be posted on InsideNEA, and a copy of the Policy shall be distributed to all NEA employees.