

NORTH BAY REGIONAL HEALTH CENTRE (NBRHC)

Policy and Procedure		Policy Number	ADM-BO-003	
Title Conflict of Interest – Board and Committee Members		Policy category		<input type="checkbox"/> Departmental <input type="checkbox"/> Organization Wide <input checked="" type="checkbox"/> Board
		Manual		Board
		<input type="checkbox"/> New	<input checked="" type="checkbox"/> Minor	<input type="checkbox"/> Major
Origination Date	Approved by Board September 9, 2011		Developer Governance Committee	
Effective Date (date this version came into effect)	Reviewed by Governance June 10, 2014, Approved by Board June 19, 2014 Reviewed by Governance February 18, 2016, Approved by Board March 11, 2016 Reviewed by Governance March 22, 2018; Approved by Board April 12, 2018			
Cross References (NBRHC or legacy organization policies) Not applicable		Comparable Policy from service provider within NBRHC Facility Not applicable		

NOTE: This is a **CONTROLLED** document for internal use only, any document appearing in a paper form should **ALWAYS** be checked against the online version prior to use.

1.0 Purpose

This policy is intended to preserve and promote the reputation of both North Bay Regional Health Centre and the individual Director. It is inevitable that conflicts of interest will arise from time to time. The purpose of this policy is to give Directors and North Bay Regional Health Centre a clear road map to follow to help to identify and track these inevitable situations. The main point is that conflicts are not the problem, they are unavoidable, it is undeclared or undisclosed conflicts that are a problem and should be avoided; disclosure is the key.

2.0 Policy

All activities involving business, commercial or financial interests, whether potential or apparent, which may conflict with the interest of North Bay Regional Health Centre or the duties of the individual, must be promptly disclosed to the Board of Directors or the appropriate officer of North Bay Regional Health Centre.

The Board member shall refrain from participating in the matter further, including not voting on the consideration or approval of any contract, grant, award, contribution, construction project or situation involving a conflict, whether potential or apparent, which includes their participation, directly or indirectly.

A conflict of interest arises when the interests of a Board member have the potential to be at odds with the best interests of the organization.

- A conflict of interest does not exist only when interests are at odds. A conflict of interest exists when there is the potential for interests to be at odds.

- A conflict of interest exists in the context of the best interests of the organization. This means that it is not sufficient for the organization to benefit, but how the decision is made is also of importance. It is important that the decision is made by the right individual or group, in an objective and informed manner, and according to all policies of the organization. Board members are expected to follow the spirit and the intent of benefiting the organization, not just avoiding costs or losses to the organization.

The Board member's interests may be:

- Direct: a narrow legal conflict of interest exists when the individual or immediate family member stands to gain or lose money personally because of a decision before North Bay Regional Health Centre – e.g. self or immediate family member being considered for employment or contract for services;
- Indirect: when the financial gain is one step removed from the individual, e.g. board member is an officer or executive of a potential supplier or landlord to North Bay Regional Health Centre, or of a charity where North Bay Regional Health Centre is a major donor;
- Perceived: when someone looking in from the outside perceives that an individual used their influence to get North Bay Regional Health Centre to make a decision that favoured someone or a group with whom the Board member has affinity – e.g. a contract being awarded to a neighbour, someone they went to school with, or their local community.

3.0 Minor Revision History

Not applicable.

4.0 Definitions

Not applicable.

5.0 Materials required

Not applicable.

6.0 Procedure

- (1) Every Director who, either directly or through one of his or her Associates, has, or thinks he or she may potentially have, a Conflict of Interest shall disclose the nature and extent of the interest at a meeting of the Board.
- (2) A Conflict of Interest may occur with respect to a proposed or current contract, transaction, matter or decision of the Corporation, or any other matter that competes for the interest of the Director.
- (3) Directors must avoid actual or potential conflict of interest, including but not limited to those identified in the definition of "Conflict of Interest" in the Bylaws and Policy.
- (4) The declaration of actual or potential Conflict of Interest shall be disclosed at the meeting of the Board at which the contract, transaction, matter or decision is first raised.

- (5) If the Director (or his or her Associates) becomes interested in a contract, transaction, matter or decision after the Board meeting at which it is first raised, the Director shall make a declaration at the next Board meeting.
- (6) In the case of an existing contract, transaction, matter or decision the declaration shall be made at the first meeting of the Board after an individual becomes a Director or the interest comes into being.
- (7) After making such a declaration no interested Director shall vote or be present at the vote or during the discussions or otherwise attempt to influence the voting on a contract, transaction, matter or decision, (including discussing the matter with other Directors) nor shall the Director be counted in any required quorum with respect to the vote.
- (8) If a Director has made a declaration of interest and otherwise complied with this By-Law, the Director is not accountable to the Corporation for any profit he or she may realize from the contract, transaction, matter or decision.
- (9) If the Director fails to make a declaration of his or her interest in a contract, transaction, matter or decision as required by this By-Law, this shall be considered grounds for termination of his or her position as a Director and Member of the Corporation.
- (10) The failure of any Director to comply with the Conflict of Interest provisions of this By-Law does not, in or of itself, invalidate any contract, transaction, matter or decision undertaken by the Board.
- (11) If a Director believes that any other Director is in a Conflict of Interest position with respect to any contract, transaction, matter or decision, the Director shall have the concern recorded in the minutes.

Thereafter, at the request of a Director, the Board shall, after the Director alleged to have a conflict has absented himself or herself from the room, vote on whether the Director alleged to have a Conflict of Interest is, in the opinion of the Board, in a Conflict of Interest. If the Board so finds the person in a Conflict of Interest, the Board member shall absent himself/herself during any subsequent discussion or voting process relating to or pertaining to the conflict.

The question of whether or not a Director has a Conflict of Interest shall be determined by a simple majority of the Board and shall be final.

- (12) If the Board finds that the Director is not in conflict, the Board will then vote on the contract, transaction, matter or decision and the votes of each Director shall be recorded.
- (13) Every declaration of a Conflict of Interest and the general nature thereof shall be recorded in the minutes by the Board.

Additional process considerations:

- 14) If it is decided that the conflict or breach is significant and not manageable, the Director would be expected to resign or be dismissed with just cause from the Board.
- 15) If it is decided that the conflict is manageable, the Director may remain on the Board, but withdraw from participating in any discussions, deliberations or votes concerning the matter. This includes not being involved in the decision-making process at any point, and not using influence with other Board members, management or others to give an advantage over non-Board member parties seeking to contract with North Bay Regional Health Centre. This also includes any other management or Board discussions, briefings, reports or agenda items on the subject, whether the Director was awarded the contract in question or not (i.e. the conflict situation begins before, and extends throughout the life of a transaction or contract, and the Director is excluded from all confidential information or matters whether he or she won the contract or lost it, completed the transaction or not.)
- 16) Any contract or transaction entered into by the organization with a Director must be reasonable and fair to the corporation. The Board may require additional due diligence to be performed to ensure this is the case before a contract or transaction is approved or confirmed.
- 17) If the amount or risk are considered significant, the Board (or its Chair, between meetings), may choose to approve all payments to the Director, family member or firm, as a result of the contract or transaction.
- 18) If the amount and risk is deemed to be less significant, the Board may delegate payment approval and contract administration to the President and CEO, but must still review all documentation and payments at its next regular meeting. The President and CEO may decline such delegation without explanation.
- 19) Further, all related-party transactions, including contracts with Directors, are subject to a regular annual review by the Resource, Finance and Audit Committee and external auditor as part of their review of the annual financial statements.
- 20) If the Director in question is the Chair of the Board, and the conflict is not considered manageable, the Chair would be expected to resign or be dismissed with just cause from the Board.
- 21) If the Director in question is the Chair of the Board, and the conflict is considered manageable, the [a] Vice-Chair shall act as Chair for the purposes of agenda setting, Board information packages, meeting deliberations and votes, and minute-taking, regarding all aspects of the subject matter.
- 22) North Bay Regional Health Centre shall take measures to ensure that a Director in a conflict of interest does not receive any non-public material related to the subject matter. This includes any verbal information or briefings with management, inside or outside Board meetings, and the Director may not raise or question management on the subject matter at any time.
- 23) The minutes of Board meetings will reflect the consideration, adjudication and implementation of conflicts or breaches. It may be necessary to maintain a

separate set of minutes if the minutes could disclose information that the Board member should not have.

6.1. Policy Oversight

The Governance Committee, in particular through its Chair, is responsible for implementing and enforcing this policy, with the support and assistance of the Administrative Assistant who maintains records and prompts consideration.

7.0 Appendices/Educational Materials

Not applicable.

8.0 References

Process steps (1) through (13) are from the Bylaws, section 14.

9.0 Content Experts/Stakeholders

Content Expert/Stakeholder	Date Sent
Governance Committee	June 2014
Board of Directors	June 2014

10.0 Signing Authority Approval

Position	Date Signed
Chair, Board of Directors	