

**CONFLICT OF INTEREST
IN THE
PRESBYTERIAN CHURCH IN AMERICA**

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1993, p. 174, 21-64, III, 7. That the 21st General Assembly adopt the Conflict of Interest Policy including the Certificate of Compliance for all the committees and agencies of the General Assembly.

Adopted

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I. BACKGROUND

The Presbyterian Church in America continues to minister and to grow in an ethically complex society. Faithful stewardship in the leadership of the church demands high levels of trust in every relationship, and avoidance even of the appearance of wrongdoing. By direction of the General Assembly and through the office of the Committee on Administration, an ad hoc committee of five people was appointed to review the need for the establishment of formal standards for the guidance of all the church's committees, boards, and management personnel.

II. DEFINITIONS AND ABBREVIATIONS

Presbyterian Church in America (PCA). Includes the General Assembly and all formal adjuncts to the General Assembly, its committees (both permanent and temporary) and boards of agencies, the management personnel of those entities, and the presbyteries of the church and their related committees. Included for counsel but not for jurisdiction are the particular churches of the denomination.

Management Personnel. For the purposes of this document, the term Management Personnel shall include all members and officers of committees and boards, together with the management level employees of those committees and boards.

III. REASONS FOR A POLICY

The Presbyterian Church in America, both as a corporation and as an ecclesiastical body initiated and sustained by God, has a mandate to conduct all its affairs decently and in order and in a manner which is above reproach in the sight of both God and man.

Such accountability includes a commitment to avoid all conflicts of interest. Such a duty is underscored by Standard 6 of the Evangelical Council for Financial Accountability, (of which the PCA is a member organization), which says simply: "Every member organization shall conduct its activities with the highest standards of financial integrity."

The PCA as a nonprofit tax-exempt ministry depends on charitable contributions from its members and the Christian public. The maintenance of that tax-exempt status is important for the church's continued financial stability. The Internal Revenue Service and state corporate and tax officials view the operations of the church and its parts as in the nature of a public trust that is subject to scrutiny by and accountability to both governmental authorities and members of the public.

IV. PERSONS CONCERNED

Conflict of interest policies of the PCA concern all Management Personnel and their families, as well as any employees who may influence the actions or obligate the PCA.

V. AREAS IN WHICH CONFLICTS MAY ARISE

Conflicts of interest may arise in a broad area of relationships. Included as examples, but not intended as an exhaustive list:

- 1) Persons or entities supplying goods and services to the PCA.
- 2) Persons or entities from whom the PCA leases property and equipment.
- 3) Persons or entities with whom the PCA deals in connection with the gift, purchase, or sale of real estate, securities, or other properties.
- 4) Persons or entities paying honoraria or royalties for products or services delivered by the PCA or its agents or employees.
- 5) Other ministries or nonprofit organizations.
- 6) Donors and others supporting the PCA.
- 7) Agencies, organizations, or associations which affect the operations of the PCA.
- 8) Family members of PCA Management Personnel or of any of the entities listed here.

VI. NATURE OF CONFLICTING INTEREST

Conflict of interest exists when any interest, direct or indirect, on the part of any of the parties listed in the preceding section could reasonably be expected to exert influence of any kind on or affect the judgment of Management Personnel of the PCA.

Examples of such conflict of interest include:

- 1) Owning stock, holding debt, holding office, or other proprietary interests in any third party dealing with the PCA.
- 2) Receiving direct or indirect remuneration or benefits for services to the PCA.
- 3) Using the PCA's personnel, equipment, supplies, or good will for other than formally approved activities, programs, and purposes.
- 4) Receiving personal gifts or loans from third parties dealing with the PCA.
- 5) Obtaining interest in real estate, securities, or other property which the PCA might reasonably be expected to consider buying or leasing.
- 6) Expending unreasonable staff time during normal business hours for personal affairs, or for other organizations, to the detriment of work performance for the PCA.

Such examples are provided only for illustration, and are not intended to be considered as an exhaustive list.

VII. SCOPE OF THE POLICY

The fact that a relationship as described in this document exists does not mean that a conflict of interest necessarily exists, or that a conflict, if it does exist, is of such material importance that it is adverse to the interests of the PCA or its supporting public.

The essence of the policy governing conflict of interest in the PCA is that the existence of any of the interests described in this document shall be disclosed before any transaction is

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consummated. It shall be the continuing responsibility of all Management Personnel of the PCA to scrutinize all transactions for the potential of such conflict of interest, and immediately to make written disclosure concerning that conflict to the chairman of that body, or, if the chairman is involved in the conflict, to the vice chairman or other appropriate officer.

VIII. A RESOLUTION

The PCA direct for adoption by all its entities the following standards:

- 1) Any possible conflict of interest, either previously existing or potential, on the part of any Management Personnel, affecting activities, property, funds, services, or employees shall be fully and promptly disclosed in writing to the chairman of that body, or, if the chairman is involved in the conflict, to the vice-chairman or other appropriate officer.
 - 2) Any Management Personnel having possible conflict of interest on any matter should refrain from deliberating or voting on all actions relating to that matter. Where the by-laws of any body within the PCA require the establishment of a quorum prior to the conducting of business, those bodies should establish their own standing procedures as to whether a member refraining from voting should be counted toward the establishment of a quorum. Minutes of all meeting should reflect related disclosures and reasons for abstaining from particular votes.
 - 3) The governing body of any part of the PCA, having been duly informed of real or potential conflict of interest in any of its dealings, shall determine whether the proposed transaction is just, fair, and reasonable in the light of those disclosures. When action is taken to affirm such transactions, the minutes of that meeting should include notation that the governing body took into account possible conflict of interest ramifications.
 - 4) As a reminder of managerial and fiduciary responsibility, each governing body of any part of the PCA should establish means by which all Management Personnel, both prior to beginning their service and on an annual basis, should sign appropriate documents indicating their understanding of these standards and their eagerness to comply to their letter and spirit. (A brief recommended certificate for such use is an addendum to this report). The minutes of that body should reflect annually that such action was taken.
 - 5) Committees of Commissioners, while reviewing the work and performance of committees and boards under their jurisdiction, should take care to note whether and how these standards concerning conflict of interest have been observed.
8. That in response to the 20th General Assembly instructions that the Administrative Committee study the appropriateness of the committees, boards of agencies, or employees thereof being involved in outside commercial interest promoting or soliciting funds for benefit plans in competition with denominationally authorized plans, that the 21st General Assembly recommend that full consideration and

application of the principles included in the **Conflict of Interest Report**, Section VI:3, be observed by all committees, boards of agencies and employees thereof.

CERTIFICATE OF COMPLIANCE

I have carefully read the statement of policy concerning conflict of interest within the Presbyterian Church in America. I have considered both the literal expression of the statement, and its intent.

I hereby certify that, except as hereafter stated, I do not, to the best of my knowledge:

- [1] Have any of the relations with persons or firms as described in this document.
- [2] Have any interests whatever conflicting with the interests of the PCA,

EXCEPTIONS:

If any situation should arise in the future which I think may involve me in a conflict of interest, I will promptly and fully disclose it to the chairman of the committee or board involved, either directly or through my immediate superior.

Date: _____ Signature: _____
Print Name