

CONFLICT OF INTEREST

THE LINCOLN FOUNDATION FOR PERFORMANCE EXCELLENCE

May 7, 2001

revised 5-21-04 & 8-11-04 & 7-18-05

PREAMBLE

This proposal encompasses a number of issues that relate to the conflict of interest concept, but are separate in terms of purpose and the execution phase to warrant separate treatment. These issues involve both the type of conflict and the personnel categories of specific situations.

- **Type of Conflict**

There are substantive conflicts that always involve substance and perception. Additionally, there can be a perception of conflict that after a review of the facts turns out not to involve a substantive conflict. Both are inimical to The Foundation, but their solutions may be quite different.

- *Personnel Categories*

There are three separate groups of personnel that theoretically could be engaged in areas of conflict. They are:

- Officers, Trustees, and Executive Committee Members
- All other volunteers
- Paid Staff

Possible conflicts could involve other outside organizations that interface with the Foundation; however, it is assumed that all of these possible conflicts would interface with at least one of the specific categories listed above.

POLICY AND PROCEDURES

The areas for possible conflict situations to develop are as follows:

- Volunteers doing consulting/office services for revenue purposes.
- Confidentiality involving recognition programs.



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- An ongoing relationship with an organization that came about because of an original interface with The Foundation, the volunteer or staff, e.g. an organization attends a Foundation workshop to learn the Self-Assessment technique, and later contracts with a volunteer consultant for additional assistance in implementing the technique throughout the organization's employees. This revenue source for the volunteer would be appropriate, but it is important that the perception of this business arrangement be clearly communicated to relevant parties.

1. Consulting /Office Services

It is expected that there are dedicated volunteers in The Foundation that also have an economic interest in some activities that could favorably impact the Foundation because of the expertise of the volunteer. These activities are independent of the normal pro bono contributions by the volunteer. It is to The Foundation's self-interest to take advantage of these occasions where the service rendered to The Foundation is financially beneficial to it. Therefore, the policies and procedures involving direct invoicing from a volunteer are established in such a manner that this economic advantage to The Foundation can be obtained without any conflict, real or perceived.

- a. When the services offered are from a Trustee, Officer, and/or Executive Committee Member, upon written recommendation by the President/CEO this contract will require Executive Committee approval. This recommendation should contain the following details:
 - i. Necessity of services to be provided
 - ii. Individual's qualifications
 - iii. Evidence that services are being provided at or below market value.
- b. No employee will perform outside revenue consulting services for The Foundation.
- c. The President and Chairman are ineligible for any contractual services.
- d. All volunteer consulting/service activities contracted for shall require the approval of the President/CEO up to an invoiced amount no greater than \$10,000. Requests above this amount require the approval of the Chairman.
- e. All outside contractual services estimated to be greater than \$10,000 of invoiced cost require at least two competitive bids. If the President/CEO, due to other relevant considerations besides invoiced cost, chooses to not recommend the low bid consultant/office service, this contract will require the Chairman's approval.



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2. Ongoing Relationships

Many organizations are introduced to The Foundation by volunteers in the consulting business. This is a natural and important source of future Foundation “customers” and is to be encouraged. However, because of the dual nature of the interface for the volunteer, it is critical that no conflict, real or perceived, come into being. Therefore, it is important that the volunteer and The Foundation staff are very clear and precise in keeping separate the “volunteer” effort and those activities that the volunteer plans to invoice the customer. It is the President/CEO’s responsibility to manage these situations promptly and within the policy guidelines of The Foundation.

It is not the intention of The Foundation to “compete” with any of its volunteers involved in consulting activities. Volunteers should not solicit business at Foundation activities such as workshops, conferences, etc. If future business develops as a result of Foundation activities, the volunteer should present the opportunity to the President/CEO to determine if the opportunity cannot be accomplished by Foundation efforts. If the opportunity cannot be accomplished by Foundation efforts, the volunteer is free to pursue this possible revenue generating business.

- a. It is understood that miscellaneous discussions at Foundation events between organizations interested in Foundations products and volunteer consultants will probably occur. The volunteer is expected to do all that is reasonably possible to keep separate the differing objectives between The Foundation and the volunteer’s consulting firm.
- b. It is appropriate and expected that consulting volunteers have existing clients that they encourage to become familiar with and use The Foundation Criteria and the Self-Assessment technique. In these situations, it is critical that The Foundation staff and the volunteers keep totally separate those volunteer/client economic arrangements and the pro bono activities where the volunteer, client, and Staff interface with each other.
- c. On occasion it may be in the interest of The Foundation to provide commission type incentives to volunteers for their encouragement to solicit current clients of theirs, or potential clients, for becoming involved with The Foundation. When these marketing programs include financial payments to volunteers, the policies outlined in 1. Consulting/Office Services will be followed.

3. Recognition Programs

The Foundation’s recognition programs involve volunteers in the important positions of examiners and judges with respect to competitive award activities. It is critical that the confidentiality aspects of these programs are maintained at the highest levels. Other than the examiners and judges working on the specific applications, only members of the Executive Committee and appropriate Staff are allowed to know the identities of the applicant organizations and the selected awardees. Unless given specific permission by the organization, no applicant will be publicized outside the referenced personnel other than those receiving an award.



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In cases where a volunteer is assisting an existing client in submitting a recognition application, it is important that a clear distinction be maintained between revenue aspects and the pro bono activities for The Foundation.

Any person who has received compensation independent of The Foundation with any company participating in the recognition process should disclose this relationship to the President/CEO and remove him/herself from all consideration of that company's application.

4. *Board of Judges/Examiners Code of Ethical Standards*

Members of the Lincoln Awards Board of Judges/ Examiners (Board) pledge to uphold their professional principles in the fulfillment of their responsibilities as defined in this Application document. In promoting high standards of public service and ethical conduct, Members of the Board of Judges/ Examiners:

- Shall conduct themselves professionally, with truth, accuracy, fairness, and responsibility to the public;
- Shall not represent conflicting or competing interests, nor place themselves in such a position where the Board member's interest may be in conflict, or appear to be in conflict, with the purposes and administration of the Awards & Recognition program;
- Shall safeguard the confidences of all parties involved in the judging or examination of present or former applicants;
- Shall not offer confidential information or disclosures that may in any way influence the Awards & Recognition program integrity or process, currently or in the future;
- Shall not serve any private or special interest in fulfillment of the duties of a Judge or Examiner. This precludes, by definition, the examination of any organization or sub/unit of an organization by which they are employed *or* for which they have consulted for a period of 3 years from the date of conclusion of such employment or consulting agreement;
- Shall not serve as an Examiner or Judge of a primary competitor, customer, or supplier of any organization or sub/unit of an organization of which they are an employee, have a financial interest or are involved in, or anticipate a consulting arrangement;
- Shall not intentionally communicate false or misleading information that may compromise the integrity of the Award process or decisions therein;



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- Shall not approach an organization they have evaluated for their personal gain, including the establishment of an employment or consulting relationship for a period of at least three years after completing their role as an Examiner or Judge of that organization; and,
- Furthermore, it is pledged that as a member in good standing of the Lincoln Awards Board of Judges/ Examiners, each Board member shall strive to enhance and advance the Lincoln Awards as it serves to stimulate Illinois companies and organizations to improve quality, productivity, and overall performance.

SUMMARY

It is apparent that no set of policies and procedures can cover all of the possibilities inherent in The Foundation's activities where the primary resources are volunteers. Thus, it is necessary and expected that all parties conduct themselves in such a manner that The Foundation's integrity and that of all its Trustees, Officers, Staff, and Volunteers is at the highest level within both "the letter and spirit" of these policies and procedures.

ATTEST

By signing this Agreement, I certify that I have read and understand this Statement. I pledge to abide by the standards of conduct established by this Statement and to report any incidents of abuse that I perceive or witness.

Name (please print): _____

Signature: _____

Date: _____

Approved and Effective Date: 7-18-05

