

## Governance

# Conflict of Interest

This lesson will teach the group what a conflict of interest is and help them think about how to avoid such conflicts with a formal policy.



**Time**  
1 hour

## Preparation

Print out enough copies of participant guide and IRS sample conflict of interest policy\*. Retrieve your strategic planning summary flipchart sheet. Make sure equipment can play “How to Select a Board” elearning/ video. Prepare flipchart and markers for brainstorming activities.



## Visual

Pull up the “Conflict of Interest” video. Display the strategic planning summary sheet somewhere prominent in the room.

## Orientation

Lead a discussion with the group about what we think a “conflict of interest” is in the context of this organization. Write key words and characteristics from the discussion down on a flipchart sheet. Explain to the group that the most important thing to know about nonprofit conflicts of interest is that it’s not a common sense term and we’ll need to consult an attorney about how it applies to us, but we can learn about what it generally means. Introduce brief video laying out the basics of conflict of interest. After the video, hand out participant guides, saying that the content is basically the same in the video and the guide. Also hand out IRS conflict of interest policy, saying this is one of the ways the IRS recommends we handle conflicts. Give a few moments for participants to review the guide and sample.

## Demonstration

Complete quiz: is this a conflict of interest? as a group.

## Key Points

Emphasize that it will be hard for us to avoid conflicts of interest in a community organization like ours, but we have to be proactive about them and know how to deal with them if and when they arise.

## Practice

Lead a discussion with the group about how we think these topics are going to apply to our organization and its board. Where are the potential conflicts, given who we’re considering for our board and what our planned activities are? When everyone has had a chance to voice their concerns, direct participants to think about what components we should include in our conflict of interest policy. Give them a few more minutes to review the IRS example, if they’d like. Open the floor to suggestions and record them on a new flipchart sheet.

## Debrief

When the conflict of interest policy conversation dies down, direct the group to look at the list of conflict of interest definitions from the beginning of the session and decide which of those assumptions were true. Create a bulleted list of the conflict of interest concerns and policy ideas. Organize meeting with organizational leadership and attorney; bring list to the meeting. Record feedback from attorney and email to the group.

\*Policy is available for download at  
[www.irs.gov/instructions/i1023/ar03.html](http://www.irs.gov/instructions/i1023/ar03.html)