

**MIDLOTHIAN PUBLIC LIBRARY
CONFLICT OF INTEREST POLICY**

I. PURPOSE

- A. Midlothian Public Library (“the Library”) is a nonprofit, tax-exempt organization. Maintenance of its tax-exempt status is important both for its continued financial stability and for public support. Therefore, the IRS as well as state regulatory and tax officials view the operations of the Library as a public trust, which is subject to scrutiny by and accountable to such governmental authorities as well as to members of the public.
- B. Consequently, there exists between the Library and its Board of Trustees and management employees and the public a fiduciary duty, which carries with it a broad and unbending duty of loyalty and fidelity. The Board and management employees have the responsibility of administering the affairs of the Library honestly and prudently, and of exercising their best care, skill, and judgment for the sole benefit of the Library. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with the Library or knowledge gained therefrom for their personal benefit. The interests of the organization must be the first priority in all decisions and actions.

II. PERSONS CONCERNED

This statement is directed not only to the Board of Trustees, but also to the Library Director, all Managers, and all employees who can influence the actions of Library, make purchasing decisions, or have proprietary information concerning the Library (“management employees”).

III. AREAS IN WHICH CONFLICT MAY ARISE

Conflicts of interest may arise in the relations of Trustees and management employees with any of the following third parties:

- A. Persons and firms supplying goods and services to the Library.
- B. Persons and firms from whom the Library leases property and/or equipment.
- C. Persons and firms with whom the Library is dealing or planning to deal in connection with the gift, purchase or sale of real estate, securities, or other property.
- D. Competing or affinity organizations.
- E. Donors and others supporting the Library.
- F. Agencies, organizations and associations which affect the operations of the Library.
- G. Family members, friends, and other employees.

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IV. NATURE OF CONFLICTING INTEREST

A conflicting interest may be defined as an interest, direct or indirect, with any persons or firms mentioned in Section III. Such an interest might arise through the following:

- A. Owning stock of the Library holding debt or other proprietary interests in any third party dealing with the Library.
- B. Holding office, serving on the board, participating in management, or being otherwise employed (or formerly employed) with any third party dealing with the Library.
- C. Receiving remuneration for services with respect to individual transactions involving the Library.
- D. Using the Library's time, personnel, equipment, supplies, or good will for other than Library activities, programs, and purposes without prior approval from the Library Director or Board of Trustees.
- E. Receiving personal gifts or loans from third parties dealing or competing with the Library. Receipt of any gift is disapproved except gifts of a value less than \$50, which could not be refused without discourtesy. No personal gift of money should ever be accepted.
- F. Having direct knowledge of (an) owner(s) or employee(s) of a company providing materials or services to the library, where a friendship, acquaintance, or familial connection will directly benefit by the selected firm to provide goods and services to the Library whether the work awarded is done through sole-source selection or by competitive bid.

V. INTERPRETATION OF THIS STATEMENT OF POLICY

- A. The areas of conflicting interest listed in Section III, and the relations in those areas which may give rise to conflict, as listed in section IV, are not exhaustive. Conflicts might arise in other areas or through other relations. It is assumed that the Trustees and management employees will recognize such areas and relation by analogy.
- B. The fact that one of the interests described in Section IV exists does not necessarily mean that a conflict of interest exists, or that the conflict, if it exists, is material enough to be of practical importance, or if material, that upon full disclosure of all relevant facts and circumstances it is necessarily adverse to the interests of the Library.
- C. It is the policy of the Board of Trustees that the existence of any of the interests described in Section 4 shall be disclosed before any transaction is consummated. It shall be the

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continuing responsibility of Trustees and management employees to scrutinize their transactions and outside business interests and relationships for potential conflicts and to immediately make such disclosure.

VI. DISCLOSURE POLICY AND PROCEDURE

A. Transactions with parties with whom a conflicting interest exists may be undertaken only if all of the following are observed:

1. The conflicting interest is fully disclosed;
2. The person with the conflict of interest is excluded from the discussion and approval of such transaction;
3. A competitive bid or comparable valuation exists; and
4. The Board of Trustees, or a duly constituted committee thereof, has determined that the transaction is in the best interest of the organization.

B. Disclosure involving management employees of the organization should be made to the Library Director (or if he or she is the one with the conflict, then to the Board President), who shall bring the matter to the attention of the Board of Trustees.

C. Disclosure involving Trustees should be made to the Board President (or if he or she is the one with the conflict, then to the Board Treasurer), who shall bring the matter to the attention of the Board of Trustees.

D. The Board of Trustees shall determine whether a conflict exists and in the case of an existing conflict, whether the contemplated transaction may be authorized as just, fair, and reasonable to the Library. The decision of the Board on these matters will rest in their sole discretion, and their concern must be the welfare of the Library and the advancement of its purpose.

Adopted June 2022, Reviewed April 2023