MEMO

TO: The Executive Committee of the ADR Institute of Canada

FROM: Governance Committee

DATE: August 1, 2017

SUBJECT: Conflicts – Administrative Policy on Conflicts in ADRIC Contract Awards

BACKGROUND:

Article XIX.1 of General By-law No. 1 (the "**By-laws**") contemplates that Board members will disclose potential conflicts of interest and will recuse themselves from decision-making where a conflict could affect their opinion on a matter before the Board.

The Executive has asked the Governance Committee to consider whether there should be a further restriction against Board members doing business with ADRIC as a paid provider. The Committee looked for best practices on this question, and notes from our inquiries that there is a division in practice among not-for-profit organizations. Some are satisfied with what we have in our By-laws now; others have gone the extra step of allowing board members to take on paid work with the organizations they serve, provided there is demonstrable fairness and transparency.

In the end, the Committee is comfortable recommending that an organization like ADRIC that promotes the work of trust-building professionals should reflect the highest standards of fairness and transparency. This is especially so with the volunteers elected or appointed to oversee budgets and finances on behalf of the membership. We are recommending that these same standards also apply to ADRIC committee members. We believe ADRIC's volunteers, membership, and reputation are better protected by setting the ethical bar high and working to that standard always.

SUMMARY OF RECOMMENDATIONS:

The Committee has considered the matter in detail, and makes the following recommendations for consideration:

1. That the Board adopt an administrative policy (the "**Policy**"), as a supplement to ADRIC General By-law No. 1, article XIX.1. The text of the Policy would be substantially similar to the wording proposed below. We are not recommending an amendment to General By-law No. 1 at this time. (When the Board is ready, a formal amendment to the By-laws can be placed before the general membership at an ADRIC annual general meeting for ratification.)

2. That the Policy read:

In addition to the mandatory conflict of interest requirements set out in General By-law No. 1, article XIX.1, Directors and members of national committees (each, a "**Committee Member**") are generally precluded from accepting paid work where ADRIC is a client, unless the contract concerning the paid work in question is awarded to her or him after:

(a) notice of the opportunity is circulated to all ADRIC members with adequate opportunity (at least 10 days) for expressions of interest to be sent to ADRIC;

(b) the Director or Committee Member (in either case, the "**Applicant**" for purposes of the subject contract) sends an expression of interest to ADRIC in response to the notice; and

(c) all expressions of interest sent to ADRIC are reviewed and the award of the paid work to the Applicant is recommended by a majority vote of a panel consisting of the Executive Director and two (2) ADRIC members selected by the President who:

(i) never served on the Board with an Applicant;
(ii) never served on a national committee with an Applicant; and
(iii) have no financial or other interest in the subject contract and who is awarded it.

The results of the panel's vote will be communicated to the Board, and will appear in the Board minutes. The individual votes of the panel will not be disclosed.

Respectfully submitted,

The Governance Committee, consisting of:

Michael Erdle
Jim Musgrave (Chair)
Jennifer Schulz