LP - 4 NYSSCPA/FAE Conflict of Interest Policy

The volunteer leaders and employees of the New York State Society of Certified Public Accountants ("NYSSCPA"), the Foundation for Accounting Education, Inc. ("FAE"), the NYSSCPA CPA PAC, Inc. ("PAC"), and affiliated companies (individually and collectively referred to as the "Society") owe a duty of loyalty to the Society, which requires that they act, not in their personal interests or in the interests of others, but solely in the interests of the Society. Each volunteer leader and employee must place the interests of the Society foremost in any dealings involving the Society. Furthermore, each has a continuing responsibility to comply with the requirements of this policy throughout his or her period of service.

The volunteer leaders and employees may not use 1) their positions as leaders and employees, 2) information they have about the Society, or 3) Society property, in a manner that allows them to secure a pecuniary benefit for themselves or their Affiliated Organizations or Related Parties. Furthermore, the leadership and employees of the Society have an obligation to conduct business within guidelines that preclude actual and even potential conflicts of interest.

The purpose of this policy is to provide guidance so that volunteer leaders and employees can meet their duty of loyalty to the Society.

Definitions

**Affiliated Organization.** An Affiliated Organization is i) an entity over which the volunteer leader or employee has significant influence, and ii) an entity that has significant influence over the volunteer leader or employee.

**Assembly.** An Assembly is a deliberative group with the authority to take an action with the potential to bind the Society. Examples of assemblies include the NYSSCPA Board of Directors and Executive Committee, the FAE Board of Trustees, the Finance Committee, and other committees.

**Conflict of Interest.** An actual or potential Conflict of Interest occurs when a person identified in Group I or Group II (see below) is in a position to influence a decision that may result in a personal gain for that person or for a Related Party or Affiliated Organization (other than the Society), as a result of business dealings with the Society.

**Group I.** Individuals in Group I include the following:

- Chairpersons of NYSSCPA committees (other than those included in Group II)
- Chapter Executive Board members
- Any other assemblies or groups included in Group I by action of the NYSSCPA or FAE governing body.

**Group II.** Individuals in Group II include the following:

- NYSSCPA Board
- FAE Board
- PAC Board
- NYSSCPA Audit Committee
• NYSSCPA and FAE Finance Committees
• FAE Scholarship Committee
• NYSSCPA and FAE Investment Committees
• FAE Curriculum Committee
• Volunteers authorized to sign NYSSCPA or FAE checks
• Employees
• Any other assemblies or groups included in Group II by action of the NYSSCPA or FAE governing body.

Presiding Officer. The Presiding Officer of the governing body of the NYSSCPA, FAE, NYSSCPA PAC, or affiliated company is the respective company’s President or—if the President is not in attendance—the person chairing the meeting. The Presiding Officer of a committee or task force is the committee chairperson or acting chairperson.

Related Party. A Related Party means a person’s spouse, spousal equivalent, parent, dependent, nondependent child, sibling, employer, employee, or business associate (including, without limitation, a partner, co-shareholder, co-owner, nonequity partner or the equivalent, owner or employee of an Affiliated Organization). Related parties also include any person whose relationship with the volunteer leader or employee could in any way affect the judgment of the volunteer leader or employee.

POLICY STATEMENT

I. Requirements to Serve

Group I Service. To qualify to serve as a member of Group I, individuals are required to 1) read the NYSSCPA Conflict of Interest Policy; 2) acknowledge that they have read it; 3) agree to recuse themselves from any Society-related decisions in which they have a Conflict of Interest; and 4) on an annual basis, complete and sign the then-current NYSSCPA Board-approved Group I Conflict of Interest Disclosure Statement (Exhibit A).

Group II Service. To qualify to serve as a member of Group II, individuals are required to—

• read the NYSSCPA Conflict of Interest Policy;
• acknowledge that they have read it;
• on an annual basis, complete and sign the then-current NYSSCPA Board-approved Group II Conflict of Interest Disclosure Statement (Exhibit B);
• in the case of volunteers, agree to notify the Presiding Officer of any actual or potential Conflicts of Interest that have arisen pertaining to the volunteer’s Society-related activities, coming to the attention of such volunteer after completing the Group II Conflict of Interest Disclosure Statement
• in the case of employees, agree to notify the Executive Director or the NYSSCPA President of any actual or potential Conflicts of Interest that have arisen pertaining to the Society; and
• agree to abide by the decision of the applicable Assembly, or in the absence of such decision, the decision of the Presiding Officer of such Assembly, or, in the case of an employee, the decision of the Executive Director or the President, regarding the handling of any actual or potential Conflicts of Interest.

II. Addressing Conflicts of Interest of Group II
Conflicts of Interest of Volunteers. In the case of volunteers, whenever a member of Group II discloses the existence of a potential or actual Conflict of Interest, the applicable Presiding Officer will assess the seriousness of the Conflict of Interest and is empowered to—

- preclude the volunteer from
  - participating in any Assembly discussion giving rise to the Conflict of Interest,
  - voting on any proposed motion relating to a matter giving rise to the Conflict of Interest, or
  - attending the meeting until the matter giving rise to the Conflict of Interest has been decided;

or

- ask the Assembly to determine the proper handling of the Conflict of Interest.

The decision of a Presiding Officer relating to the handling of a Conflict of Interest may be appealed by a disclosing volunteer to the applicable Assembly. If either the Presiding Officer or the disclosing volunteer is dissatisfied with the Assembly’s decision, he or she may appeal the Assembly’s decision to the NYSSCPA Board of Directors, which shall serve as a forum of last resort.

Conflicts of Interest of Employees. In the case of employees, the Executive Director or the President will determine how to address the Conflict of Interest, and such decision will be binding on the employee.

Reporting of Conflicts of Interest. Giving due regard to the disclosing party’s right to privacy and professional responsibilities as to confidentiality, the Presiding Officer or the Executive Director shall report to the appropriate Assembly regarding Conflict of Interest disclosures. Such report shall be for information purposes, unless the Assembly is being called upon to take action in light of a Conflict of Interest disclosure. Any reporting and resulting discussion by an Assembly shall occur in an executive session.

III. Privacy

Except to the extent that disclosure to the President, the Executive Director, or a Group II Assembly is found to be necessary, all persons receiving a communication from a member or employee pursuant to this policy will maintain the confidentiality of all details disclosed pursuant to this policy. However, they will not maintain the confidentiality of their conclusion as to the existence of a Conflict of Interest.

Example. An NYSSCPA Board member is in a business venture with a person seeking to become the NYSSCPA’s auditor. This business relationship violates the Board member’s partnership agreement with his firm. If all these facts are disclosed to the President, he or she will ordinarily only disclose to the Board his or her conclusion that a conflict exists. The President ordinarily will not disclose the Board member’s dishonesty vis-à-vis his firm. Situations can arise, however, that could force more detailed disclosure, such as the member’s appeal to the NYSSCPA Board of the President’s decision that the member is conflicted out of participating in the Board’s auditor selection or a court subpoena issued to the President by the member’s firm.

IV. Further Guidance
Examples of the application of this policy are included in Exhibit C. In addition, members and employees seeking guidance regarding Conflicts of Interest are encouraged to discuss their situations with the NYSSCPA’s in-house legal counsel. While the legal counsel will strive to maintain the confidentiality of these discussions, professional obligations he or she owes to the NYSSCPA may lead to disclosure to the Executive Director or President.

Approved: Board of Directors, October 2, 2003, Agenda Item 03 - E - 04, and FAE Board of Trustees, November 17, 2003, Agenda Item 6.

Please note: The NYSSCPA Benevolent Fund, Inc., was merged into FAE, effective November 30, 2009.