



HUMANITARIAN GRANTS PROGRAM
Frequently Asked Questions – Conflict of Interest Policy
August 2007

QUESTION

What is a conflict of interest?

ANSWER

A conflict of interest exists when a person is in a position where two roles are being served (Rotarian and supplier; Rotarian and uncle of a beneficiary, etc.) and those roles create or cause benefit or have the potential to *cause benefit* to the Rotarian. A conflict of interest refers to an association or relationship between an individual(s) and/or organization(s) where a competing professional, personal or financial interest has the potential to compromise or bias professional judgment and objectivity. It exists even if no unethical or improper act results from it because a conflict of interest can create an appearance of impropriety that can undermine confidence in the person, profession, or the organization.

QUESTION

What does “cause benefit” mean?

ANSWER

The term "cause benefit" means any transaction creating a tangible advantage or benefit directly affecting an individual, or indirectly through associates, related organizations, friends, or family members. Tangible benefits can include, for example, direct financial rewards, improved employment, social positioning, public recognition, advocacy and publicity, business referrals, or political influence. Any increase in monetary income, prestige or advancement is considered to “cause benefit.”

QUESTION

What is a close relationship?

ANSWER

A “Close Relation” is defined as a spouse, mutual financial dependent, significant other, or person in an intimate relationship; a child, parent, sibling (including in-laws and step-relations), grandparent or grandchild, niece or nephew, aunt, uncle or cousin.

QUESTION

What is the difference between “perceived” and “actual” conflicts of interest?

ANSWER

- A real conflict of interest is when personal, financial or familiar gain results from a relationship between two entities.

- A perceived conflict of interest is when there could appear to be a personal, financial or familiar gain because there is no other information to confirm or refute this appearance to the outside observer.

QUESTION

Why is there a conflict of interest policy?

ANSWER

A particular conflict of interest is neither good nor bad, but its presence can interfere with perceptions about a person's objectivity and independence. Someone exploiting a conflict of interest or mishandling conflicting relationships can cause ill will or create a perception of wrong-doing. The most important characteristic of The Rotary Foundation is its good name and reputation, which has been created by Rotarians worldwide. Maintaining our good name and reputation depend upon our willingness to adhere to the highest ethical standards in our professional and business practices.

QUESTION

What are some possible conflicts of interest in relation to Humanitarian Grants?

ANSWER

There are three categories in which possible conflicts of interest may arise with Humanitarian Grants:

- Familial Conflict of Interest (a close familial relation to a Rotarian benefits from involvement),
- Personal Conflict of Interest (there is personal gain from involvement such as political gains, increased stature in business or in the community, etc.)
- Financial Conflict of Interest (monetary gain either direct or indirect).

QUESTION

Does this mean that Rotarian run businesses cannot be used to purchase supplies for a grant?

ANSWER

No. A Rotarian run business may be used. However, the following things need to occur:

- The fact that the supplier is a Rotarian must be disclosed in the grant application or reported to the Grant Coordinator,
- There should be a transparent bidding process where quotes are obtained from 3 suppliers, and
- There is written justification as to why the Rotarian run business was selected if it was not the lowest quote (such as quality is better, the other businesses are too far away, etc.)

Business transactions with individuals or entities with which there is an actual or perceived conflict of interest can be completed upon approval of the general secretary if such transaction is being completed at actual cost of the product(s) or service(s) and the sales quote was obtained through a fair, open and thorough request for proposals or bidding process. Disclosure of such transactions must be made during the grant application process.

QUESTION

Does this mean if a Rotarian is involved with another non-profit organization, the Rotary Club cannot be involved with a grant project with that organization?

ANSWER

No. Many Rotarians are involved with other organizations and partnering with other organizations is encouraged. However, in order to ensure impartiality of all parties involved the following should be noted:

- If a Rotarian serves on the board or has professional responsibilities in relation to a cooperating organization, vendor or beneficiary involved with a Humanitarian Grant, that individual may not serve on the project committee.
- Grant assets should not go directly to the organization in the name of the Rotarian (such as payments, deeds for equipment or titles for vehicles, etc.)
- The club should take care to make sure that project management is accomplished separate from the Rotarian involved with the organization;
- The club should take care to diversify its funding of projects in the community.

QUESTION

What do the terms and conditions for Matching Grants, 3H Grants and District Simplified Grants state?

ANSWER

- A. Disclosure of any possible conflicts of interest. All individuals involved in a program grant and/or award shall conduct their activities in a way that avoids any actual or perceived conflict of interest. A conflict of interest is a relationship among individuals through which an individual involved in a program grant or award causes benefit, or could be perceived to cause benefit, for such individual or such individual's family, personal acquaintances, business colleagues, business interests, or an organization in which such individual is a trustee, director, or officer Any and all disclosures must be explained prior to grant approval:
1. A fair, open and thorough request for proposals or bidding process must be conducted to ensure that the best services are secured at a reasonable cost, despite any connection between a vendor and a Rotary Entity. Possible conflicts of interest may arise when a Rotary Entity is considering business in which funds will be paid to a Rotarian; a goods and/or services provider owned or managed by a Rotarian, or employees of agencies, organizations, or institutions partnering with TRF.
 2. If a Rotarian serves on the board or has professional responsibilities in relation to a Cooperating Organization, Vendor or Beneficiary involved with a Matching Grant, they may NOT serve on the Project Committee