

**REPORT AND POLICY
CONFLICT OF INTEREST
APPROVED BY CFA**

What is a Conflict of Interest?

From a legal perspective, a potential conflict of interest arises within an organization when a key individual (either an employee or volunteer) or a relative of that individual (a) stands to gain a financial benefit by personally influencing the action taken by the organization or a transaction entered into by the organization; or (b) has another interest that impairs, or could be seen to impair, the independence or objectivity of the key individual in discharging their duties within the organization.

Within the Greater New Jersey Annual Conference of The United Methodist Church (GNJ), a conflict, potential conflict or the appearance of conflict of interest occurs when an individual, be it the bishop, clergy, staff or laity, or a member of their family, business associate, significant other, domestic partner, any additional employer or employee of a staff member, has a direct or indirect financial, personal, legal or equitable interest in the outcome of a particular decision that they can influence.

What are the Issues Surrounding Conflict of Interest in GNJ

Concerns have been raised by members of the Annual Conference about potential conflicts of interest within GNJ. Recognizing, understanding, and managing conflicts of interest are fundamental to trust and good, fair, ethical and just decision-making and sound financial management.

Whenever an instance of conflict of interest is self-identified or identified by a member of the Annual Conference, members of GNJ should seek to be ethical, transparent and act with integrity, committed to our mission in all decision making. Employees and laity are expected to self-identify all conflicts of interest or potential conflicts of interest and, where feasible and practical, excuse themselves from decisions from which they will financially benefit. Questions of conflict of interest will be investigated by the appropriate parties as defined in the GNJ Conflict-of-Interest Policy in accordance with the Book of Discipline Paragraph 702.2 which calls for the establishment of a Conflict-of-Interest Policy.

While GNJ is committed to operating with integrity and transparency in making decisions, there are some inherent potential conflicts of interest within the way we operate. In The United Methodist Church, clergy and lay persons are financial beneficiaries of employment, benefit programs and grants offered by GNJ and on which they have voting power. Likewise, clergy and lay members of the annual conference vote on issues that affect their congregation's budget and programming.

GNJ expects that our clergy and lay members of the annual conference will vote based on what is best for all members and all churches and in the best interest of meeting the overall mission, vision and financial goals of GNJ.

An example of such a potential conflict of interest is voting on lay and clergy benefit programs. The majority of clergy voting are directly affected by the benefit program they are voting on, and a lay person's congregational budget is affected by the type and the dollar amount of the benefit program. It is estimated that more than 90% of those voting at annual conference have such a conflict of interest when voting on clergy and lay employee benefit programs.

United Methodists are also generational with respect to membership and employment of both clergy and laity. GNJ has benefited from generations of clergy and lay employees from the same family. Presently there are more than 40 clergy who are related by marriage and birth. Sometimes a family member sits on an agency that has responsibility for clergy including family members. Additionally, there are lay employees of GNJ and congregations who are related to GNJ clergy. Also, clergy have friendships or are seminary classmates of other clergy that potentially present conflicts of interest. The ability to influence matters relating to salary, benefits, housing, etc. can all result in situations where there is a conflict of interest.

Agencies of GNJ have also hired or used United Methodists who own or work for businesses for contracts and services for GNJ and its congregations. All such contractual relationships must follow the Trustee's Contracting Procedures.

In all of these examples, GNJ recognizes there are inherent conflicts of interest in our system and expects that everyone (clergy, staff and laity) will recommend, vote, approve and act based on what is in the best interest of meeting the overall mission and financial goals of GNJ.

CONFLICT OF INTEREST POLICY

INTRODUCTION

GNJ United Methodists should always seek to put God and the mission and vision of GNJ first when making decisions. This includes making decisions that ensure the financial stability of GNJ, thus positioning GNJ to achieve that mission and vision. It is important to have policies and procedures that identify, monitor and manage conflicts of interest so that, to the best of our ability, the mission and vision of GNJ are always put first. The Conflict-of-Interest Policy is used to manage these conflicts.

The Conflict-of-Interest Policy guides our decision making so that our decisions are made based on what is best for all members and all churches and in the best interest of meeting the overall vision and mission of GNJ.

The GNJ Conflict of Interest Policy is published in the GNJ Employee Handbook and on the GNJ Website under the "Administration" tab, "Finance and Administration" subtab. Further, a policy and procedures handbook is being prepared for all policies and procedures of GNJ and it will be published there as well. All GNJ policies and procedures are reviewed to insure there is no implicit bias in said policies and procedures before they are implemented.

All GNJ employees (clergy, laity and staff) and the bishop are required to review and sign the Conflict-of-Interest Policy annually. All GNJ volunteers (lay members of agencies, boards, commissions and committees) are required to review and indicate their understanding and agreement to abide by the Conflict of Interest prior to serving on any GNJ agency.

GNJ Vision:

We see transformational leaders cultivating passionate disciples of Jesus Christ in congregations with:

- Passionate Faith – Shape mature and fearless disciples that others want to emulate
- Boundless Hope – Inspire positive vision of current and future ministry
- Courageous Spirit – Connect with the community through risk-taking relevant mercy and justice ministries

- Transformational Leadership – Difference-makers who transform people’s lives, the congregation and the community
- Congregational Vitality – Vibrant and life changing congregations
- Regenerative Resources – Extravagant generosity that inspires new giving and resources

GNJ Purpose/Mission:

Transform the world by recruiting and developing transformational leaders who make passionate disciples of Jesus Christ and grow vital congregations

DEFINITIONS

For the purpose of this policy, the term “employee” refers to all clergy, laity and staff who are employed by GNJ as well as the bishop, even though the bishop is not a direct employee of GNJ.

For the purpose of this policy, the term “volunteer” refers to all laity who voluntarily participate and serve as a voting member on any of the GNJ boards, agencies, commissions or committees.

For the purpose of this policy, the term “agency(ies)” refers to any and all of the agencies, boards, commissions or committees that are part of GNJ.

POLICY

It is the policy of the Greater New Jersey Annual Conference of the United Methodist Church that it conducts all staff, volunteer and agency-related business and duties free from conflict of interest or a substantial appearance of a conflict of interest.

No employee, volunteer or agency member of the Greater New Jersey Annual Conference of the United Methodist Church may participate in any decision or cause GNJ to act upon any dealing in which they may have either a conflict, a potential conflict or a substantial appearance of a conflict of interest and, in such circumstances, must use their judgment to excuse themselves from the decision-making process whenever appropriate.

The only exception is at annual conference sessions in which votes are necessary to approve budgets, benefits and other matters that affect participants and their congregations. In these cases, annual conference members are to participate in speaking and voting based on the interests of the mission, vision and financial health of GNJ rather than their own interest or benefit.

A conflict of interest or substantial appearance of a conflict of interest shall be deemed to exist when an individual or a member of their family, business associate, spouse, significant other, domestic partner, any additional employer or employee of an employee has a direct or indirect financial, personal, legal or equitable interest in the outcome of a particular decision that they influence.

If any such conflict or appearance of a conflict of interest exists, the employee or volunteer, or another GNJ employee or volunteer who believes there is a conflict, must fully disclose such conflict or appearance of a conflict of interest and use their judgment to excuse themselves from the decision-making process whenever appropriate.

Employees must report a conflict of interest to the Director of Human Resources who is then obliged to report the conflict of interest to the Bishop and the CFO. The Director of Human Resources and the CFO will coordinate any required investigation and resolution. If the CFO has the conflict, they must report

the conflict to the Director of Human Resources, Bishop and CFA Chair and the CFA Chair will coordinate any required investigation and resolution with the Director of Human Resources. If the Director of Human Resources has the conflict, they must report to the Bishop, CFA Chair and CFA's HR Committee Chair who will coordinate any required investigation and resolution. If the bishop has a conflict of interest, they must report the conflict to the CFA Chair and Episcopacy Chair who will coordinate any required investigation and resolution.

Lay volunteers must report a conflict of interest to the chair of the agency on which they serve, who is then obliged to report the conflict of interest to the Director of Connectional Ministries, the CFO and the Bishop, and the Director of Connectional Ministries and the CFO will coordinate the investigation and resolution.

All investigations for employees, staff and volunteers will be coordinated and conducted in such a way as to ensure that said investigations are free of racial and gender bias.

All employees of GNJ are required to review and sign the Conflict-of-Interest Policy annually.

Individual Agency Conflict of Interest Policies

Cabinet Policy

A conflict of interest occurs when an individual's personal interests or relationships – family, friendships, financial, or social relationships – could compromise their judgment, decisions, or actions in employment or as a voting member of GNJ.

Members of the cabinet, including the appointment and extended cabinets, from time to time will have family members, friends, classmates and other relationships that present both real and perceived conflicts of interest. It may include but is not limited to cabinet, extended cabinet, regional, resource, funding, task force, and supervisory meetings.

The cabinet in its work of spiritual and temporal oversight of the conference that includes but is not limited to appointing pastors, nominating clergy and laity for boards and agencies and supervising clergy and congregations is to notify the cabinet or extended cabinet or appointment cabinet in all instances when the cabinet member has a real or potential conflict of interests in any matter. When there is a conflict of interest, the individual and group is to monitor the conversation to ensure decisions are made in the best interest of the GNJ mission and not an individual's preference.

No cabinet or extended cabinet member is to supervise a family member nor participate in any conversation that involves a family member. If a cabinet member fails to disclose a conflict of interest, another cabinet member is to disclose the conflict of interest.

If there is a conflict of interest that is not disclosed, the bishop will take appropriate action and ensure it does not occur in the future. In January of each year the cabinet is to review, state any conflicts with family members and sign the conflict-of-interest policy.

In addition to this policy, the cabinet will abide by all conflict-of-interest policies and procedures of GNJ.

Board of Trustees Policy

All contracts, purchases, repairs and any improvements to conference-owned property must be made in accordance with the GNJUMC Conflict of Interest Policy and be authorized in advance by the Board of Trustees, or its Trustee designee. As such, all bidding and contracting for consultants, professional services, repairs and any other services must be in compliance with the Conflict-of-Interest Policy and in compliance with the Board of Trustees' contracting procedures.

Procedures for Sale of Property:

The board of trustees avoid conflicts of interest and, when the sale is to an individual or organization associated with GNJ, an appraisal shall be conducted and the property be sold at the appraised price, or at the highest offer on the property. The Board of Trustees looks favorably to make sales to GNJ endorsed entities that will continue the use of the property as a house of worship, church plant, church related agency or a non-church body within the UMC, and in all such cases with the approval of the Board of Trustees and the Cabinet, the property may be sold at a below market price or donated to the entity.

Board of Pension Policy

There is a conflict inherent in our United Methodist process, as members of Annual Conference, both clergy and laity, will vote on any changes to healthcare, pension and other insurance plans. Such decisions affect the individual clergy and their family as well as affect the budget of local churches represented by laity members to Annual Conference.

All members of GNJ Annual Conference, employees and laity, are expected to vote on these and all financial matters based on what is best for the mission and ministry of GNJ and will attest to such when registering for Annual Conference.

GNJUMC Conflict of Interest Policy meets the standards of the Book of Discipline, Section 1508, which applies to the financial administration of annual conference pension and pension-related funds.

Connectional Table Grant-Making Policy

In accordance with the overall GNJ CFA and Human Resources Conflict-of-Interest Policy, any employee or volunteer who is a member of an agency within GNJ that has grant-making approval authority, that employee or volunteer must excuse themselves from the grant-making approval decision process if they or a member of their family, spouse, significant other, domestic partner, business partner or employer is a member of the church under consideration for the receipt of a grant.

Connectional Table Policy

All employees and volunteers serving on any of the various boards, committees, agencies and commissions of the Greater New Jersey UMC are required to read the GNJ Conflict-of-Interest policy and indicate their understanding of the policy and agree to abide by the policy during their time of service by signing the following:

By signing, I indicate that I have read and understand the GNJUMC Conflict of Interest policy and will abide by this policy during my term of service on _____ (name of committee, agency, or commission).

Name _____ Signature _____ Date: _____