

ARAC CONFLICT-OF-INTEREST AND ABSTENTION RULES FOR COUNCIL MEMBERS AND REVIEW PANEL MEMBERS

Conflict-of-interest rules for council and review panel members:

When the Council or community panel members act as reviewers of grant applications, they must identify possible conflict-of-interest situations. No participation in discussing, voting, or scoring the project for which there has been a declared conflict-of-interest is allowed.

In 1984, the Minnesota Legislature created a State Ethics Commission and for the first time established statutory standards and requirements for conflict-of-interest (Minnesota Statute 10A.07, Conflict of Interest). Based on this statutory reference, actions of board members of the Arrowhead Regional Arts Council (ARAC) shall be governed by the following policies:

1. Board or community panel members must complete an annual **Disclosure of Association form**, identifying their involvement with regional organizations that could seek funds from ARAC. The *disclosure form* must be updated annually or whenever necessary. Members are unable to participate in the Board approval of grants, either through the review of applications or the acceptance of a panel recommendation, until the *disclosure form* is completed.
2. Board or community panel members will not be appointed to grant review panels that they, or any group they are connected to, might apply to during the immediate ARAC fiscal year covered by the annual **Disclosure of Association form**.
3. Board or community panel members *must* strictly follow ARAC's conflict-of-interest and abstention rules when reviewing grant applications.
4. Board members designated to receive ARAC funds through organizational or individual artist grant applications can have no involvement in the review and/or approval of the applications.

It is important to note that there is nothing wrong or illegal about Board or community members having conflict-of-interest situations. The current Board structure requires a relevant, able Council and community panel system. It is necessary to select individuals to serve who are active in their arts communities as artists and/or arts advocates, but it is important that any conflicts-of-interest are handled responsibly. The following affiliations are actual conflict-of-interest situations:

1. A member has a material or financial interest in the application or applicant organization.
2. A member is a director, trustee, officer, employee or agent of the applicant organization.
3. A member has been involved in the writing, editing, or reviewing of an application prior to submission.
4. A member is related by blood or marriage to an individual directly affected by the application or applicant organization.
5. A member has an issue with a person or organization involved in the application that prevents them from being unbiased.

Appearance of conflict-of-interest rules for council and review panel members:

Besides guarding against actual conflict-of-interest, the courts and legislature are very concerned that there must be no **appearance of conflict-of-interest**. The following is quoted from the Minnesota Statute relating to conflict-of-interest:

"It is the intent of the statute to forestall any question of a delicate nature and to prevent unfavorable comments on transactions which may bring the administration of public affairs into disrepute."

There are situations which may cause a review panelist to declare conflict-of-interest which do not fall strictly into the above categories. For example, a panelist may be a close friend of an applicant and feel that he/she lacks the objectivity needed to evaluate the project. Other situations include the possibility of future conflict-of-interest and a sense that professional and/or personal interests could be affected by the support or non-support of a project. It is important that panelists feel free to make decisions based on the review criteria designated by ARAC and the State of Minnesota.

The Council handles conflict-of-interest situations as follows:

1. A Board or community panel member declares conflict-of-interest *before* the application is discussed. The secretary notes the declaration, and the person leaves the room.
2. The panel reviews the application and votes to score or deny funding for the project based on the criteria. When the scoring of the application is complete, the member(s) out on conflict-of-interest return to the room.
3. Board or community panel members **do not** score applications on which they left the room in conflict-of-interest.

Abstention rules for council and review panel members:

When board or community panel members feel they are unable to vote on an application, but do not feel they have an actual conflict-of-interest, they may abstain from discussing, voting, and scoring the application. A Board or community panel member may abstain for the following reasons:

1. A Board or community panel member may feel he or she has insufficient knowledge of the discipline or medium represented to vote on an application.
2. A Board or community panel member may have recently received free tickets or other benefits from an applicant.

A Board or community panel member may have personal reasons for not wanting to vote on an application.

The Council handles abstention situations as follows:

1. A Board or community panel member declares that he or she will abstain from voting before the application is discussed. The secretary notes the abstention.
2. The Board or community panel member stays in the room but refrains from taking part in the discussion of the application. If an abstaining member is asked for clarifying information, he or she may supply the information in an unbiased manner.
3. Board or community panel members **do not** vote on or score applications for which they have abstained.
4. In rare instances, a Board or community panel member may decide to declare an abstention during the discussion of an application, based on information revealed in the discussion. In this situation, the Board or community panel member must refrain from taking part in the discussion from that point forward and **must not** vote on or score the application.