

# **CONFLICTS OF INTEREST: A THREAT TO THE INTEGRITY OF FOUNDATION GOVERNANCE AND DECISION MAKING**

## **INTRODUCTION AND BACKGROUND**

Foundations are non-governmental, non-profit organizations that, compared with most other institutions in our society, are afforded an extraordinary level of independence and freedom from regulation and oversight. The protected legal status and financial resources of foundations combine to free them from the need to accede to pressures brought by voters, stockholders, or contributors, and to give them extraordinary power and opportunity to advance the public good.

Along with this independence and freedom, however, comes an expectation – indeed an obligation – that foundations will use their privileged status and protected assets to support organizations actively involved in improving the human condition. A foundation's credibility, integrity, and capacity to engage non-profit organizations as full partners in pursuing this goal depend on the degree to which its policies, practices, and procedures are characterized by fairness and equity.

Perhaps the greatest threat to a foundation's integrity, fairness, and equity is the failure to anticipate and deal with conflicts between the obligations of board and staff members to the foundation, and their financial self interests, loyalty to other organizations, competing personal or professional agendas, or personal or professional relationships. Accordingly, it is important that foundations adopt standards of conduct and behavior designed to: (i) protect the integrity of their decision making and governance processes; (ii) preserve the quality, fairness, and openness of foundation program development, review, funding, and oversight mechanisms; and (iii) shield board and staff members from inappropriate intrusions on their time, privacy, and other personal and professional interests and responsibilities.