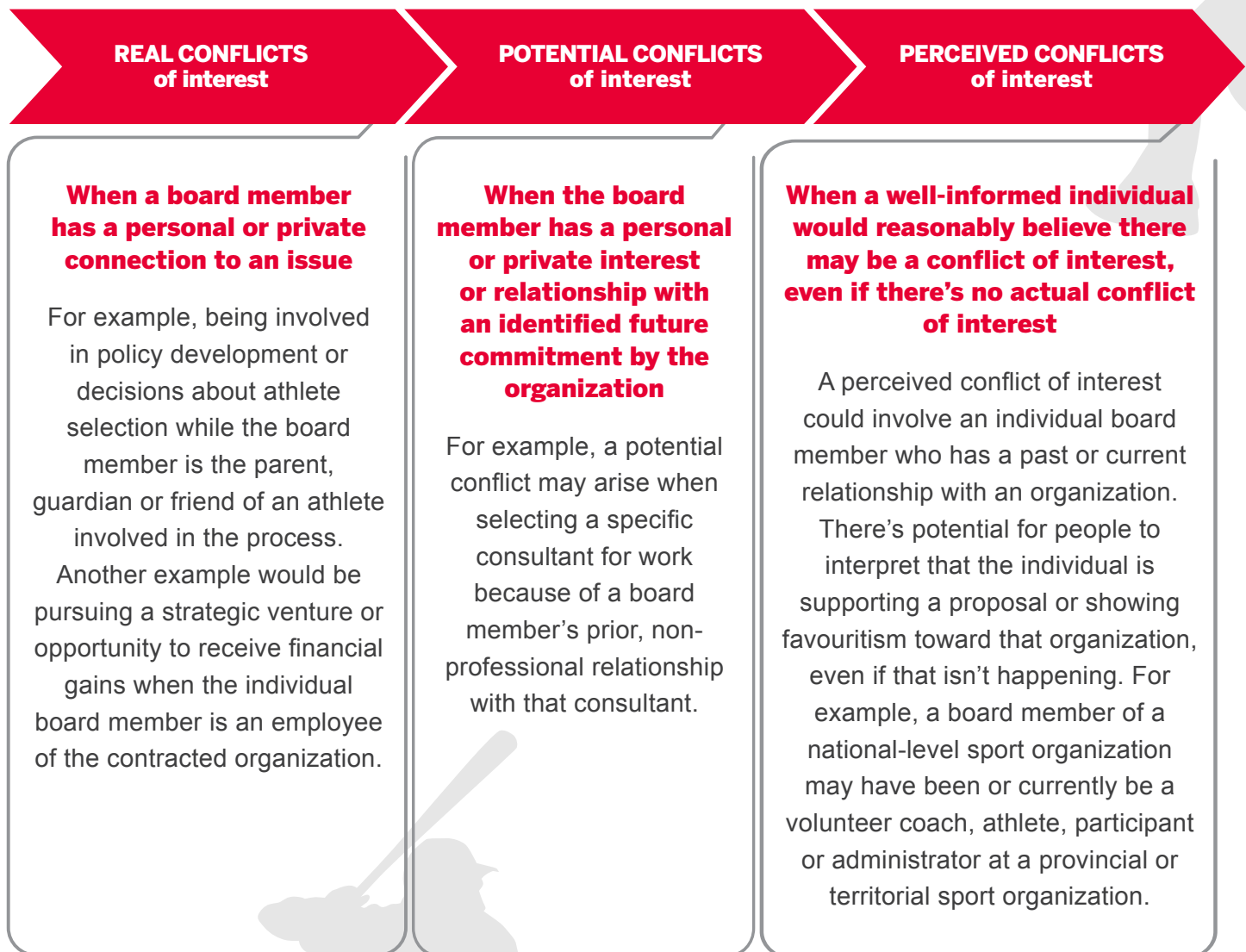


# BOARD CONFLICTS OF INTEREST

## WHAT CONSTITUTES BOARD CONFLICTS OF INTEREST?

Board conflicts of interest happen in situations where a board member's objectivity, judgment, or ability to act in the best interest of the sport organization may be (or appear to be) compromised. Personal, financial, or occupational considerations are behind the conflicts of interest.

Board conflicts of interest happen when there's a real, potential, or perceived conflict.



## CURRENT CHALLENGES RELATED TO BOARD CONFLICTS OF INTEREST

There are multiple challenges related to board conflicts of interest:

### ► REPRESENTATION



Individuals typically lack independence when elected to boards with a representation-based structure or composition (as opposed to a board structure based on policy governance). Representation boards are prone to conflicts of interest because of board members' motives, position, and relationships within the jurisdiction they represent. In turn, these motives, position, and relationships can influence board members' actions and behaviours.

### ► PROCUREMENT



Due to personal, financial or occupational interests, board members may select certain suppliers that aren't necessarily in the best interest of the organization.

### ► MATCH FIXING



Self-serving (egoistic) motives can lead to board members' illegal actions and behaviours by influencing the outcome of a match for their personal gain, be it financial or other.

### ► WHISTLEBLOWING



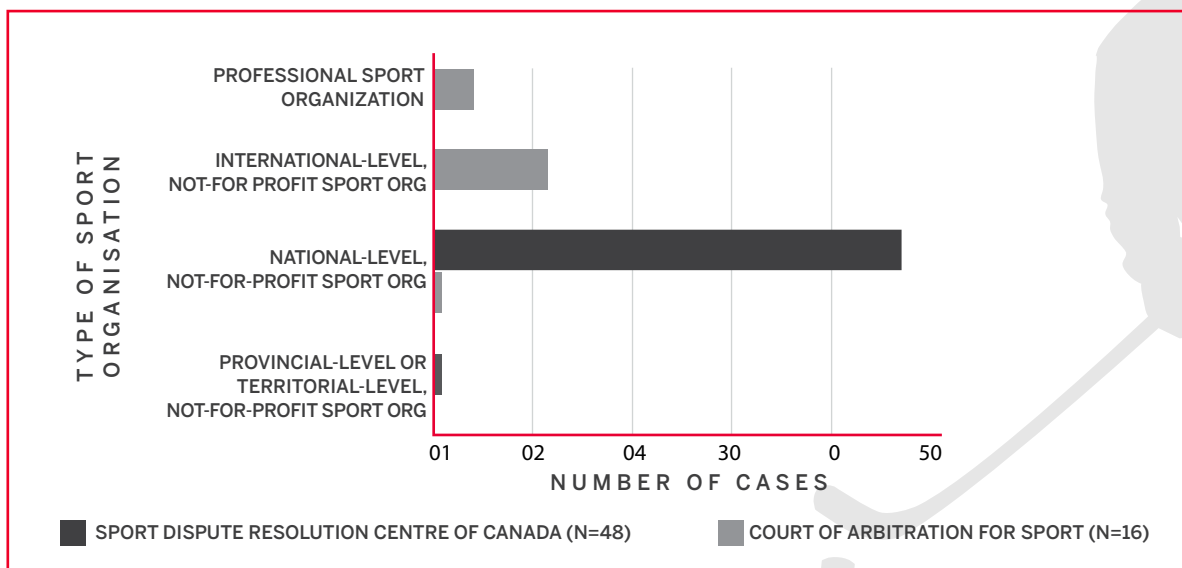
Board members may block whistleblower policy development. Or, they may stop such policies from being implemented as a way to prevent their personal actions from being uncovered. Alternatively, conflicts of interest can inhibit a board member's willingness or ability to present claims of misconduct or corruption.

### ► ENGAGEMENT



Conflicts of interest can limit board members' meaningful engagement in decision-making processes. This arises from board members' ability to strategically control discussions or limit other members' involvement, and in doing so, influence a decision to ensure their own self-interests are protected.

Figure 1. Conflicts of interest cases from the Sport Dispute Resolution Centre of Canada and Court of Arbitration for Sport



# CONFLICTS OF INTEREST CASES IN SPORT: EVIDENCE FROM CANADIAN AND INTERNATIONAL SPORT AUTHORITIES

Conflicts of interest are a problem in Canada and internationally. The Sport Dispute Resolution Centre of Canada has 48 cases on conflicts of interest in its database (2002 to 2013), while the Court of Arbitration for Sport has 16 cases (1998 to 2020; see Figure 1)<sup>1</sup>. These cases involve doping, financial corruption, and team selection or individual athlete selection. Most cases focus on national-level, not-for-profit sport organizations compared to other sport organizations, such as professional ones, international not-for-profits or provincial and territorial not-for-profits.

## BEST PRACTICES AND RECOMMENDATIONS TO REDUCE BOARD CONFLICTS OF INTEREST

Full disclosure may not be enough to remove or discard a conflict of interest. To reduce board conflicts of interest, sport organizations should consider the following steps.

**Whether real, potential or perceived, board conflicts of interest arise in situations where a board member's objectivity, judgment, or ability to act in the best interest of the sport organization may be compromised by personal, financial or occupational considerations.**

### ► 1. DEVELOP A FORMAL CONFLICTS OF INTEREST POLICY

The basic structure and content of an effective formal conflicts of interest policy includes:

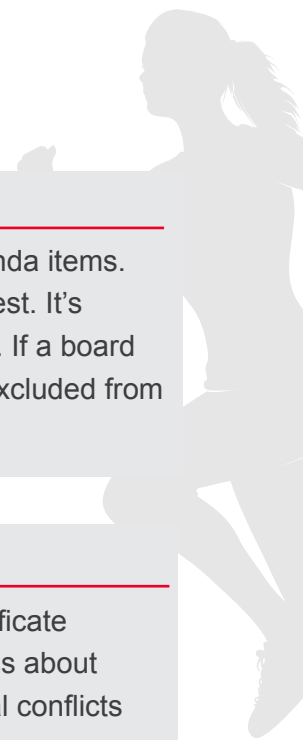
- ✓ A definition and basic information on conflicts of interest
- ✓ The policy's purpose and objectives
- ✓ A statement for disclosing conflicts and actions to take following the disclosure (for example, inability to vote or exiting the room during decision making)
- ✓ The review process for disclosed conflicts of interest
- ✓ Disciplinary actions for violating the policy
- ✓ An area for individuals to sign the policy (mandatory for all board members).

Revisit and revise the policy as needed (for example, annually) to avoid the common mistake of boards viewing this policy as a "one and done" or "shelved."

### ► 2. DEDICATE A FORMAL MEETING TO DISCUSSING CONFLICTS OF INTEREST

Once per year, dedicate a formal meeting (or at the very least, an agenda item) to discuss conflicts of interest, present and review the conflicts of interest policy, and discuss reporting procedures for conflicts of interest.

<sup>1</sup>This consultation involved a search of the Sport Dispute Resolution Centre of Canada and Court of Arbitration for Sport databases on February 11, 2022, for cases relevant to "conflicts of interest" in sport.



### ▶▶ 3. ALLOW TIME FOR THE DISCLOSURE OF CONFLICTS OF INTEREST

---

During board meetings, allow time for the disclosure of conflicts of interest for meeting agenda items. Board members should be offered the opportunity to formally disclose any conflicts of interest. It's vital to properly document any identified conflicts of interest in the board's meeting minutes. If a board member discloses a real, potential or perceived conflict of interest, the individual must be excluded from any discussions pertaining to the relevant agenda item or items.

### ▶▶ 4. IMPLEMENT BOARD MEMBER TRAINING ON CONFLICTS OF INTEREST

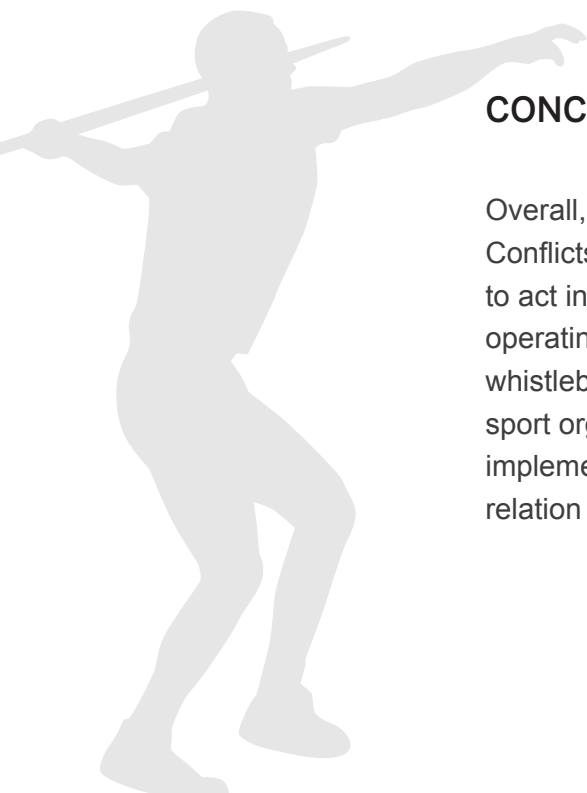
---

This can include attending seminars led by the sport organization or earning a training certificate offered by an external consultant group or organization. This is important to raise awareness about conflicts of interest and provide board members with the necessary tools to reduce potential conflicts of interest.

### ▶▶ 5. CONDUCT A YEARLY SURVEY OF BOARD CONFLICTS OF INTEREST

---

using a questionnaire developed by the organization or board. This survey is important to allow each board member to identify any potential conflicts of interest by answering a series of closed-end or open-end questions, or a combination of both. The questionnaire can be short, self-administered and completed virtually (for example, using no-cost platforms like SurveyMonkey). An ex-officio board member (such as, the Chief Executive Officer) can collect and document the survey responses, and then share them with the Board Chair and members, as needed.



## CONCLUDING REMARKS

Overall, board conflicts of interest can be either real, potential, or perceived. Conflicts of interest inhibit board members' objectivity, judgment, and ability to act in the sport organization's best interest. We can see conflicts of interest operating with issues around representation, procurement, match-fixing, whistleblowing, and engagement. To reduce the effects of conflicts of interest, sport organizations can implement formal policies, dedicate meeting time, implement training requirements, and survey board members annually in relation to conflicts of interest.

*This report was prepared for SIRC by Milena M. Parent and Erik L. Lachance.*

## Key resources for further reading on board composition

Australian Sports Commission. (n.d.). Sport governance education and training. <https://www.sportaus.gov.au/governance/education>

Boardable. (2021). Conflict of interest policy: A how-to guide & free template. <https://boardable.com/blog/conflict-of-interest-policy/>

Canadian Internet Registration Authority (n.d.). Directors' code of conduct and policy on conflicts of interest and financial associations. <https://static.cira.ca/policy/dccpcifa-ccaprcilf-en.pdf>

Corbett, R. (2009). Conflict of interest: The sport organization's Achilles heel. *Coaches Plan*, 16(1), 15-19. <https://sportlaw.ca/conflict-of-interest-the-sport-organizations-achilles-heel/>

Desjardins, J. (2016, October 31). Conseil d'administration et conflit d'intérêts. *Arsenal Conseils*. <https://arsenalconseils.com/2016/10/31/conseil-dadministration-et-conflit-dinterets/>

Falconer, D. A. (2014). Board conflict of interest policy sample. Ontario Organizational Development Program. [https://oodp.ca/media/woocommerce\\_uploads/Board-Conflict-of-Interest-Policy-Sample.pdf](https://oodp.ca/media/woocommerce_uploads/Board-Conflict-of-Interest-Policy-Sample.pdf)

Judo Canada. (2020). Conflict of interest policy. <https://www.judocanada.org/wp-content/uploads/2020/10/Conflict-of-Interest-Policy-October-4-2020-EN.pdf>

Masaoka, J. (2010, July 7). Nonprofit conflict of interest: A 3-dimensional view. *Blue Avocado*. <https://blueavocado.org/leadership-and-management/nonprofit-conflict-of-interest-a-3-dimensional-view/>

National Council of Nonprofits. (2022). Conflicts of interest. <https://www.councilofnonprofits.org/tools-resources/conflicts-of-interest>

Nonprofit Risk Management Center. (2022). Resources for developing or revising conflict of interest policies. <https://nonprofitrisk.org/resources/articles/resources-for-developing-or-revising-conflict-of-interest-policies/>

Ordway, C. (2016). Cleaning up sport: Conflicts of interest at the top. *Transparency International*. [https://www.researchgate.net/profile/Catherine-Ordway/publication/340257125\\_Cleaning\\_Up\\_Sport\\_Conflicts\\_of\\_Interest\\_at\\_the\\_Top/links/5e7fe684458515efa0b522f5/Cleaning-Up-Sport-Conflicts-of-Interest-at-the-Top.pdf](https://www.researchgate.net/profile/Catherine-Ordway/publication/340257125_Cleaning_Up_Sport_Conflicts_of_Interest_at_the_Top/links/5e7fe684458515efa0b522f5/Cleaning-Up-Sport-Conflicts-of-Interest-at-the-Top.pdf)

Raymond, D. (2018). Managing conflicts of interest and disclosure. *Directors & Boards*, 61-62. [https://www.faegredrinker.com/-/media/files/insights/raymond-directors-and-boards/2018dbq4\\_managingconflictsofinterestanddisclosure.pdf](https://www.faegredrinker.com/-/media/files/insights/raymond-directors-and-boards/2018dbq4_managingconflictsofinterestanddisclosure.pdf)

Raymond, D. (2021). When conflicts of interest can work. *Directors & Boards*, 49-50. <https://www.directorsandboards.com/articles/singlewhen-conflicts-interest-can-work>

Sherry, E., & Shilbury, D. (2009). Board directors and conflict of interest: A study of a sport league. *European Sport Management Quarterly*, 9(1), 47-62. <https://doi.org/10.1080/16184740802461710>

Sport Dispute Resolution Centre of Canada. (n.d.). Conflicts of interest in sport-related decision-making. [http://www.crdsc-sdrcc.ca/eng/documents/SDRCC\\_COI\\_Brochure\\_ENG\\_final\\_web.pdf](http://www.crdsc-sdrcc.ca/eng/documents/SDRCC_COI_Brochure_ENG_final_web.pdf)

