Boards that want to improve their approach to conflicts of interest and independence management do the following:

1. Provide education on the IRS's definitions of "independent."
2. Determine the board's definitions and policies.
3. Ensure that *at least the majority* of the full board is "independent."
4. Change committee charters to include "independence" requirements:
    a. 100% of Executive Compensation Committee
    b. 100% of Audit Committee
5. Align recruitment/selection policies and processes with independence definition/policies.
6. Discuss the board's approach to conflicts of interest (e.g., merely abide by the law, take a middle ground approach or strive to be beyond reproach).
7. Consider creating "disabling guidelines" that state conditions under which an individual cannot be a board member (e.g., owner of a competing organization).
8. Define "actual" and "potential" conflicts of interest.
9. Clarify the individuals who are covered by the policy.
10. Consider non-economic benefits as potential conflicts.
11. Insist on annual *and* episodic disclosure.
12. Create detailed disclosure forms (requiring details such as ownership percentages).
13. Ensure forms are reviewed by "independent" members of the board.
14. Share the completed forms with the full board, so they are aware of potential conflicts.
15. Post information on potential conflicts of interest on the website, to encourage transparency.
16. Create a board culture in which it is easy to invoke the conflict of interest policy and procedures.

Boards that take a proactive approach to understanding their fiduciary duties and managing their conflicts of interest/independence will be better positioned to help navigate their organizations successfully today and into the future.

For more on this resource, visit
http://trustees.aha.org/fiduciaryduties/email-trustee-quarterly-knecht-fiduciary-duties.pdf.

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