1.0 SCOPE

1.1 This policy describes how to identify, communicate, and resolve conflict of interest involving member leaders associated with ASQ boards, councils, and committees (hereafter referred to as committees).

1.2 This policy is applicable to those individuals (hereafter referred to as member leaders) listed in the annual ASQ Organization Manual except:

   1.2.1 Members of the board of directors (governed by Policy G 12.00).
   1.2.2 Section officers.
   1.2.3 Division officers below the position of chair.
   1.2.4 Student branch counselors.

2.0 POLICY

2.1 The responsibility to identify and communicate conflicts of interest resides with the member leaders.

2.2 The responsibility for monitoring and ensuring compliance with this policy resides with the Professional Ethics and Qualifications Committee.

2.3 Member leaders will avoid using their position within the Society for private financial gain except in fully disclosed arm’s-length transactions for which proper approval has been obtained.

3.0 DEFINITIONS

3.1 All terms used in this policy conform to Policy G 35.00, Guidelines for Policy and Procedure Documentation.

4.0 PROCEDURE (see Appendix B)

4.1 General

   4.1.1 ASQ needs to be concerned about conflict of interest situations because of state laws, federal regulations, public perception, and the expectations of our members.

   4.1.2 Mismanaging conflict of interest situations may result in unfavorable press coverage, damage to the reputation of ASQ and the individuals involved, financial losses, criminal prosecution, civil legal action, and investigation by federal or state officials.

   4.1.3 The appearance of a potential conflict of interest exists when:

       4.1.3.1 Any situation in which a member leader or an immediate family member is engaged in an activity that is or might be perceived as deriving private
benefit (except as clarified in paragraph 4.3) under the laws of the United States or the State of New York. Such activities include employment, consulting investment, or assuming a position of leadership in a directly competitive organization.

4.1.3.2 If a member leader or their immediate family member has a financial interest either directly or indirectly, with any product, activity, or service currently provided by or being considered by the ASQ committee the member leader is associated with.

4.1.3.3 If a reasonable person could conclude by the observance of actions that a member leader has a personal financial interest, either directly or indirectly (immediate family or third party), in a product, activity, or service provided by or being considered by the ASQ committee the member leader is associated with.

4.1.4 A conflict of interest situation generally does not exist when:

4.1.4.1 A member leader’s personal financial gains result from activities unrelated in any way to his or her position at ASQ.

4.1.4.2 A member leader receives reimbursement for reasonable expenses incurred on behalf of the Society.

4.2 Annual reporting of known conflicts of interest

4.2.1 Prior to May 15, the staff liaison will send conflict of interest declaration forms to the member leaders. Whenever possible, declaration forms should be incorporated into the election and appointment processes to make distribution and collection more efficient.

4.2.2 Prior to June 15, member leaders will file a conflict of interest declaration with the staff liaison identifying all existing or potential conflict of interest situations. Conflict of interest declarations will be made using the form in Appendix A. Forms may be submitted electronically. Multiple positions may be listed on the same declaration form.

4.2.3 Failure to file a conflict of interest declaration by June 30 will result in the individual being excluded from all activities until the staff liaison has received his/her conflict of interest declaration.

4.2.4 The staff liaison will maintain a centralized database containing all declaration information.

4.2.5 The staff liaison will notify both the chair of the Professional Ethics and Qualifications Committee and the chair of the affected committee of any exception listed in section 4 of the conflict of interest declaration forms, as well as individuals who did not file a timely declaration form per 4.2.2.

4.2.6 Failure to file a conflict of interest declaration is a violation of this policy and may be referred to the Professional Ethics and Qualifications Committee for action according to Policy G 06.00.

4.3 Reporting potential conflicts of interest as they arise

4.3.1 If a member leader discovers a potential conflict of interest, then it is the member leader’s responsibility to immediately notify the other members of the committee. Further reporting to the staff liaison may be necessary.

4.4 Actions when potential conflicts of interest exist

4.4.1 The member leader will immediately excuse his/herself from any activities or decisions directly or indirectly associated with the conflict of interest. When possible, this action will be documented.

4.4.2 The member leader may participate under an arm’s-length transaction. In order to qualify as an arm’s-length transaction, it must meet the following three criteria:
4.4.2.1 The opportunity to participate in or provide the goods or services contemplated by the agreement was available to the general public through an open announcement process. Members of ASQ and external organizations that could compete for such work must be offered the same opportunity to understand the ASQ offering and compete for the opportunity to provide goods or services as required in the statement of offer.

4.4.2.2 The prices, fees, or honoraria charged for goods or services provided by the member leader must be at the same commercial rates that are provided by the member leader’s (or their organization’s) best customers, based on similar levels of business activity.

4.4.2.3 Member leaders may not participate in the selection process, nor may they lobby or otherwise influence those who are able to participate directly or indirectly in the solicitation and selection process.

4.4.3 A conflict of interest condition may be acceptable, if the individual makes full disclosure to the committee members and enters into a formal agreement that defines the scope and limits of authority prior to any participation. In order to qualify, the agreement must meet the following criteria:

4.4.3.1 There will be a separate agreement for each conflict of interest situation.

4.4.3.2 Each agreement will clearly define the ownership, transfer, and use of intellectual and physical property, the applicable markets, customers, and geographic boundaries, and the period of performance.

4.4.3.3 Each agreement must include arm’s-length transactions in accordance with paragraph 3.1.

4.4.3.4 The affected committee must approve each agreement, after consulting with the staff liaison. The staff liaison will consult with legal counsel.

4.5 Monitoring

4.5.1 The chair of the Professional Ethics and Qualifications Committee will report to the board of directors semi-annually on the status of conflict of interest declarations and any investigations.

4.5.2 Any member of the Society may notify the chair of the Professional Ethics and Qualifications Committee in writing of a potential or actual conflict of interest. Resolution should be attempted at the committee level first, if possible.

4.5.3 Interfering with the monitoring process is a violation of this policy and will be referred to the Professional Ethics and Qualifications Committee for action according to Policy G 06.00 as it relates to conflicts of interest. The following will constitute interfering with the monitoring process:

4.5.3.1 Failure to respond within 30 days to any inquiry regarding perceived or potential conflicts of interest.

4.5.3.2 Failure to exercise integrity in the response to a conflict of interest inquiry.

4.5.3.3 Failure to submit a revised declaration form within 30 days of perceiving a potential conflict of interest.

4.5.3.4 Leveraging one’s ability to offer any type of incentive (either an actual or promised advantage) to any individuals who are involved in the investigation or deliberation process.

4.5.4 Reporting a potential conflict of interest is not an accusation and does not imply that an individual’s judgment has been compromised.

4.6 Resolving conflicts of interest
4.6.1 The chair of the affected committee will make a reasonable effort to resolve any potential or actual conflict of interest associated with his/her organization.

4.6.2 Conflicts of interest that cannot be resolved by the chair of the affected committee will be referred to the Professional Ethics and Qualifications Committee. Resolution will be per Policy G 06.00.

4.6.3 Unresolved conflicts of interest involving the chair of an ASQ committee will be referred to the Professional Ethics and Qualifications Committee. Resolution will be per Policy G 06.00.

<table>
<thead>
<tr>
<th>REVISION LEVEL</th>
<th>REVISION DATE</th>
<th>REVISION COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>02/09/02</td>
<td>New.</td>
</tr>
<tr>
<td>Note</td>
<td>2007</td>
<td>Reviewed for consistency with the bylaws changes.</td>
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</tbody>
</table>

APPROVALS

**Authored by**  Board of Directors

**Reviewed by**  Bylaws Committee

**Approved by**  Board of Directors  February 9, 2002
I, the undersigned, hereby state:

1. I have read, understood, and agree to comply with Policy G 61.00 “Conflict of Interest – ASQ Member Leaders.”

2. I understand that if I am affected by both Policies G 12.00 and G 61.00, G 12.00 is the superseding policy.

3. This declaration is applicable to the following activities:

<table>
<thead>
<tr>
<th>ASQ Committee/Board/Council</th>
<th>Chair of the Committee/Board/Council</th>
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<tbody>
<tr>
<td>___________________________</td>
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4. To the best of my knowledge, below are my activities that may result in a potential conflict of interest:

<table>
<thead>
<tr>
<th>Exception</th>
<th>Committee/Board/Council Affected</th>
</tr>
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<tbody>
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Do you wish to keep the above information confidential? (circle one)  Yes  No

5. I agree that if a situation arises that may become a potential conflict of interest, I will immediately notify the other member leaders on the affected ASQ board, council, or committee, and the staff liaison, and excuse myself from discussions and decision-making.

_________________________  ___________________________
Date                        Signature
Are you participating in a financial decision for the committee?  

No  

No conflict

Could you (or any of your immediate family) financially benefit from the decision?  

No  

No conflict

Does the decision involve anything other than normal reimbursement for your committee expenses on behalf of ASQ?  

No  

No conflict

A conflict exists and you must declare it to the rest of the committee!  

Remove yourself from the deliberations and decision-making. (This is called *recuse*.)  

Record your action

Do you wish to offer your services (or those of your client) to the ASQ committee?  

No  

Remain away

Follow "arm’s length" participation rules.