

Library System of Lancaster County

Board Policy 2 – Conflict of Interest and Confidentiality Policy

Adopted: 11/20/2025

2.1 Purpose

The Library System of Lancaster County (System) Conflict of Interest Policy is designed to protect the System's interests and maintain public trust when considering transactions or agreements that could benefit the personal interests of a Director. It is intended to support and comply with all applicable local, state, and federal laws.

2.2 Definitions

- **Abstention:** Choosing not to vote on a proposal or decision.
- **Compensation:** Money, benefits, or gifts given in exchange for work or services.
- **Conflict of Interest:** A situation where someone has personal interests or relationships that could affect how they make decisions for the System or make it difficult for them to stay neutral and fair in making decisions.
- **Interest:** A situation where someone stands to personally benefit from a decision they are involved in, except for benefits that are available to the public or a specific group of people.
- **Contract:** A legally binding agreement where the vendor agrees to provide goods or services, and the System agrees to pay for them.
- **Disinterested Person:** A person involved in a decision who does not have any personal financial interest in the outcome.
- **Gift:** Anything of value, such as money, services, or favors.
- **Interested Person:** A person involved in a decision who has a personal financial interest in the outcome.
- **Financial Interest:** A financial stake in a business or arrangement that the System is involved in, including ownership, investment, or payment for services. This could be a direct or indirect financial interest through an interested person's business, investment or family.
- **Officer:** An elected officer of the System's Board, including the roles Board President, Vice-President, Treasurer, and Secretary.
- **Personal Connection:** Any relationship or association a person has that could influence their actions or decision making, including but not limited to family members, business partners, or former colleagues.
- **Recusal:** Stepping away from a decision due to an actual or perceived conflict of interest.
- **Relative:** A family member, including spouse, children, siblings, extended family, and members of the household.

- **Spouse:** A partner in a legally recognized marriage or domestic partnership of a Director or Officer.

2.3 Director Responsibilities:

- **Know the Policy:** Directors should familiarize themselves with the Conflict of Interest Policy to understand how it impacts them as a Director.
- **Act Ethically:** Directors are expected to perform duties in accordance with the highest ethical standards, this policy, and applicable local, state, and federal laws.
- **Follow Other Policies and Procedures:** Follow the policies in the System's Board Policy Manual, in addition to the Conflict of Interest Policy.

2.3.1 Relationships

System officers and Directors may have outside interests that create actual or potential conflicts of interest. These interests do not automatically disqualify an individual from service, provided they are disclosed, and the individual abstains from related decision-making.

Conflicts of interest may arise from relationships with:

- Vendors or service providers.
- Landlords or lessors.
- Parties to property, real estate, or securities transactions.
- Competing or related organizations.
- Donors or financial supporters.
- Agencies or associations influencing System operations.
- Family members, friends, or employees.

This list is not exhaustive. Directors should seek guidance from the System Executive Director, Board President, or legal counsel if uncertain.

2.3.2 Activities

Conflicts of interest may also arise through the following activities:

- **Personal Financial Interests:** Owning stock or investments connected to System business; accepting gifts or loans from related parties; or having a financial interest in System contracts (ownership of less than 5% of a publicly traded company is exempt).
- **Third-Party Relationships:** Employment, service, or personal ties with organizations doing business with the System; outside work or services that conflict with System duties; or misuse of confidential information.

- **System Resources and Property:** Personal use of System property, resources, or brand without approval; or using System authority for personal or family gain.
- **Decision Making and Influence:** Participation in decisions, property transactions, or contracts where a member has a direct or indirect financial interest.
- **Nepotism:** Relatives of Directors are not eligible for employment with the System.
- **Political Activities:** Using System resources for political purposes; pressuring others to support political causes; or failing to separate personal political activity from System roles.
- **Gifts:** Accepting or soliciting gifts intended to influence decisions; accepting cash gifts; or failing to report gifts that could create the appearance of influence.
- **Post-System Activities:** Seeking employment connected to pending System matters; representing others in matters handled within the past two years; or involvement in issues personally managed while serving the System.

2.4 Standards of Conduct

The following standards must be followed in the event of a potential or actual conflict of interest:

2.4.1 Duty to Disclose

If there is a potential or actual conflict of interest, the Director must disclose any financial or personal interest and provide relevant information to the Board.

- Disclosures should be made during a board meeting, and the disclosing Director must leave the room while the board discusses and votes on whether a conflict of interest exists.
- The Board will determine if a conflict exists and whether the proposed matter is fair and in the best interest of the System and its mission. This decision is at the board's sole discretion.
- If a conflict of interest is confirmed, the Director must not vote or discuss the matter and is excluded from the quorum.
- If a conflict of interest prevents a Director from fulfilling duties as a Director (e.g. taking minutes), another Director or Officer will take over those duties.
- The following must be recorded in the board meeting minutes:
 - The name of the person who disclosed the conflict and the nature of the disclosure.
 - Actions taken to assess the conflict.
 - The board's decision, including any abstentions and quorum impact.
 - Names of those present, a summary of the discussion (including alternatives considered), and a record of the final vote.

2.4.2 Alternatives to a Conflict of Interest

- The Board President may appoint a neutral person or committee to investigate alternatives.
- After considering alternatives with due diligence, the Board will decide if the System can pursue another option without creating a conflict of interest.
- If no better options exist, the Board will vote to determine if the transaction or arrangement is in the System's best interest.

2.4.3 Compensation

- Officers and Directors cannot receive direct pay from the System.

2.5 Violations of Conflict of Interest Policy

- Any employee, officer, or Director can report a concern about a conflict of interest involving someone else, without fear of retaliation.
- If a conflict of interest is reported, the Board will address it according to this policy and all applicable laws.
- Depending on who is involved, the System Executive Director plus the Board President or Board Vice President will lead the investigation and take necessary action. All reports will be handled confidentially.
- If an officer or Director is suspected of violating the Conflict of Interest Policy, the Board will review the issue, offer an opportunity for an explanation, and clearly document the process. If the conflict was not properly disclosed, the Board will take appropriate action, which could include requesting removal of the member from the Board by the county commissioners and/or legal action.

2.6 Confidentiality

It is the policy of the Library System of Lancaster County (System) that Directors may not disclose, divulge, or make accessible confidential information belonging to, or obtained through their affiliation with the System to any person, including relatives, friends, and business and professional associates, other than to persons who have a legitimate need for such information and to whom the System has authorized disclosure. Directors shall use confidential information solely for the purpose of performing services as Directors. This policy is not intended to prevent disclosure where disclosure is required by law.

Additionally, in accordance with Pennsylvania law, 24 PA C.S. Sec. 428, the Board of the System will recognize and respect the confidentiality of records related to the circulation of library materials that contain the names or other personally identifying details regarding the users of the System and its member libraries. These records include but are not limited to personal names, addresses, phone numbers, items in circulation, number of items checked out, items requested, library accounts denoting fines, fees and item information.

Directors must always exercise good judgment and care to avoid unauthorized or improper disclosures of confidential information. Conversations in public places, such as restaurants, elevators, etc., should be limited to matters that do not pertain to information of a sensitive or confidential nature. In addition, Directors should be sensitive to the risk of inadvertent disclosure and should, for example, refrain from leaving confidential information on desks or otherwise in plain view and refrain from the use of speakerphones to discuss confidential information if the conversation could be heard by unauthorized persons.

At the end of a Director's term in office, he or she shall return, at the request of the System, all documents, papers, and other materials, regardless of medium, that may contain or be derived from confidential information in his or her possession.

2.6 Policy Distribution and Attestation

The System Executive Director and Board President are responsible for ensuring that all System Officers and Directors:

- Receive a copy of the Conflict of Interest and Confidentiality Policy and sign an attestation statement confirming they have read and understood it.
- Sign the attestation when they are appointed.
- Sign the attestation annually.

2.7 Policy Updates

This policy shall be reviewed periodically by the Board to ensure consistency with the Pennsylvania Library Code, System Bylaws, and best practices in governance.