

CONFLICT OF INTEREST

(For trustees, this policy has been superseded by the Board of Trustees Conflict of Interest Policy initially adopted by the Board of Trustees on May 4, 2017)

POLICY STATEMENT

The University of St. Thomas is committed to protecting its interests in any situation where the University contemplates entering into a business transaction or arrangement that might benefit the private interest of a Board of Trustee member, university officer, faculty, or staff. Trustees, officers, faculty, and staff shall not engage in any business activity that adversely affects or is detrimental to the best interest of the University. In addition, a trustee, officer, faculty, staff, or a related person or entity shall not be disqualified from contracting with the University merely because of his or her relationship with the University.

This policy is intended to supplement, but not to replace, any state or federal law or legislation governing conflicts of interest that is or may become applicable to a nonprofit educational corporation.

SECTION I DEFINITIONS

- A. *Interested Person* is a trustee, officer, faculty, or staff member who has a direct or indirect financial or other conflict of interest as defined below.
- B. *Trustee* is a voting member of the University of St. Thomas Board of Trustees.
- C. *Officer* is a Board of Trustees-appointment individual who acts for or on behalf of the University. Officers generally include the President, Secretary, and Treasurer.
- D. *Employee* is a faculty or staff member employed by the University, whether appointed to a full- or part-time, regular, temporary, or interim position.
- E. *Academic and Administrative Advisory Committee* are the two Executive Vice Presidents, Deans, Vice Presidents, and other direct reports of the two Executive Vice Presidents.
- F. *Financial or other Conflict of Interest* is that situation in which a trustee, officer, faculty, staff member, or his or her family member
 - has a relationship with any entity or individual with which the University has or is negotiating a transaction, arrangement or contract, or
 - is a director, officer or legal representative of an entity with which the University has or is negotiating a transaction, arrangement or contract, or
 - has or may have an interest that could be found to be adverse to the University.
- G. *Business Relationship*, as defined by the IRS, is a business relationship that includes an employment relationship, a contract, ownership interest in, and common ownership of a business where any of the listed persons, individually or together, possess more than a 35 percent ownership interest in common, such as voting power in a corporation, profit

interest in a partnership, or beneficial interest in a trust.

- H. *Family Members*, as defined by the IRS include spouse, ancestors, children, grandchildren, great-grandchildren, siblings (whole or half-blood), and spouses of children, grandchildren, great-grandchildren, and siblings.

SECTION II AVOIDING REAL OR PERCEIVED CONFLICTS OF INTEREST

Conflict of interest arises whenever the personal or professional interests of a trustee, officer, faculty or staff member is or could be perceived to be at odds with the best interests of the University. This policy restricts or prohibits certain business transactions. It also requires full and prompt disclosure of all real or perceived conflicts of interest. Because public confidence is important to all institutions of higher education, trustees, officers, faculty, and staff must take appropriate steps to avoid even the appearance of impropriety. The following guidance will assist in that effort.

- In instances where an interested person wishes to contract or enter into an agreement with a member of the faculty or staff that involves an identified financial or other conflict of interest, that faculty or staff member must consult with the Vice President for Business Affairs.
- In situations where a trustee or officer determines that he or she is an interested person in a particular business transaction, that individual shall notify the Vice President for Business Affairs of the real or potential conflict of interest while Academic and Administrative Advisory Committee members and other staff and faculty shall consult with the appropriate Executive Vice President.
- After disclosing the conflict of interest, the interested person shall recuse him or herself from the decision-making process, including removing him or herself from any discussions or meetings regarding the potential arrangement. Those without an interest in the matter shall decide whether a contract, agreement, transaction, or arrangement is fair and reasonable and is in the best interest of the University.
- No interested person shall participate in any way in the review, approval, or administration of a contract, agreement, or arrangement that benefits him or her directly or indirectly.
- In order to protect the University, trustees, officers, faculty, and staff, the minutes of any relevant Executive Committee meeting or President's Staff meeting shall document the conflict of interest. Likewise, the appropriate Executive Vice President shall document such information pertaining to the conflict of interest and attach it to pertinent financial records.

SECTION III REVIEW AND APPROVAL PROCESS

All contracts, agreements, or arrangements that have the potential for a financial or other type of conflict of interest shall be reviewed and approved in the following way:

- The Executive Committee of the Board of Trustees shall review a potential contract, agreement, or arrangement concerning potential conflicts that involve any member of the Board of Trustees and potential conflicts involving University officers.
- The President's Staff shall approve all contracts, agreements, or arrangements concerning a potential conflict of interest that involves an Academic and Administrative Advisory Committee member.
- The appropriate Executive Vice President shall review and approve all contracts, agreements, or arrangements that concern a potential conflict of interest involving a staff or faculty other than Academic and Administrative Advisory Committee members.
- The President's Staff or the appropriate Executive Vice President may elevate, where appropriate, any situation concerning a potential conflict of interest to the Executive Committee of the Board of Trustees. This includes a proposed contract, agreement, or arrangement that
 - has an unusually significant financial impact on the University,
 - raises policy issues, or
 - has a significant public impact on the mission and reputation of the University.

SECTION IV DISCLOSURE

All trustees, officers, and key employees shall file an Annual Disclosure Statement for Trustees, Officers, and Key Employees and report any known conflicts of interest as required by this policy. In addition, key employees shall complete this annual disclosure statement as requested by the University's annual tax return, Form 990. These key employees include the Executive Vice President and the "five highest compensated employees" that are reported on the form 990. This disclosure statement must be completed at the time of appointment and then annually on or before October 31.

Trustees and officers shall also notify the Vice President for Business Affairs immediately if a change in his or her disclosure statement occurs during the year. All faculty and staff shall complete and file a Financial Conflict of Interest Disclosure Statement and report conflicts of interest as required by this policy. This disclosure statement will be presented to new faculty and staff at the time of employment. In addition, all Academic and Administrative Advisory Committee members will be required to file this disclosure statement annually in the fall, due to the University no later than October 31st of each year. All other faculty or staff will be

requested to file an updated disclosure statement periodically.

SECTION V ACCOUNTABILITY

1. The Executive Committee of the Board of Trustees shall review proposed contracts, agreements, or arrangements concerning potential conflicts involving any member of the Board of Trustees or a University officer.
2. The President's Staff reviews and approves all contracts, agreements, or other business arrangements involving any Academic and Administrative Advisory Committee member, which may create a potential conflict of interest that involves an Academic and Administrative Advisory Committee member.
3. The appropriate Executive Vice President shall review and approve all contract, agreements, or other business arrangements that concern a potential conflict of interest involving a member of the faculty or staff other than an Academic and Administrative Advisory Committee member.
4. The Controller's Office provides trustees, officers, key employees, and the "Five Highest Compensated Employees" with a copy of the Annual Disclosure Statement for Trustee, Officers, and Other Key Employees annually.
5. The Vice President for Business Affairs, when presented with the facts of a given situation and based on the provisions of this policy, determines whether a proposed contract, agreement, or some other business arrangement poses for the University a potential or real conflict of interest.
6. The Department of Human Resources shall provide all new faculty and staff a copy of the Financial Conflict of Interest Disclosure Statement during New Employee Orientation and academic and administrative leaders annually. A copy of both shall be placed in the official personnel file of new faculty and staff, with copies to the Controller's Office.
7. All faculty and staff are responsible for familiarizing themselves with this policy and complying with it when reviewing or proposing any type of business relationship, other than employment, with the University.
8. Based on information provided on disclosure statements, the Accounts Payable Department and Purchasing Services Department shall assure that all proposed contracts, agreements, or other business arrangements do not create or pose a perceived or real conflict of interest for the University.