



**Section:** Policy Statement – General and Administrative  
**Subject:** Conflict of Interest Policy

**Purpose:** In accordance with California State University and Humboldt State University, Humboldt State University Center operates in accordance with applicable regulations and policies of the CSU Board of Trustees and the campus. Auxiliary organizations are required to adopt a conflict of interest policy and procedures for members of their governing board and employees. The following policy fulfills these requirements. This policy replaces previous policies 101 and 102.

**Board Adoption:** July 10, 2000/October 11, 2001/October 14, 2010/November 19, 2020/February 4, 2022

## I. Authority

*California Education Code, Section 89906:* No member of the governing board of an auxiliary organization shall be financially interested in any contract or other transaction entered into by the board of which he is a member, and any contract or transaction entered into in violation of this section is void.

*California Education Code, Section 89907:* No contract or other transaction entered into by the governing board of an auxiliary organization is void under the provisions of Section 89906, nor shall any member of such board be disqualified or deemed guilty of misconduct in office under said provisions, if the circumstances specified in the following subdivisions exist: (a) The fact of such financial interest is disclosed or known to the governing board and noted in the minutes, and the governing board thereafter authorizes, approves, or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such financially interested member or members, and (b) The contract or transaction is just and reasonable as to the auxiliary organization at the time it is authorized or approved.

*California Education Code, Section 89908:* The provisions of Section 89907 shall not be applicable if the circumstances specified in any of the following subdivisions exist:

- a. The contract or transaction is between an auxiliary organization and a member of the governing board of that auxiliary organization.
- b. The contract or transaction is between an auxiliary organization and a partnership or unincorporated association of which any member of the governing board of that auxiliary organization is a partner or in which he is the owner or holder, directly or indirectly, of a proprietorship interest.
- c. The contract or transaction is between an auxiliary organization and a corporation in which any member of the governing board of that auxiliary organization is the owner or holder, directly or indirectly, of 5 percent or more of the outstanding common stock.
- d. A member of the governing board of an auxiliary organization is interested in a contract or transaction within the meaning of Section 89906, and without first disclosing such interest to the governing board at a public meeting of the board, influences or attempts to influence another member or members of the board to enter into the contract or transaction.

*California Education Code, Section 89909:* It is unlawful for any person to utilize any information, not a matter of public record, which is received by him by reason of his membership on the governing board of an auxiliary organization, for personal pecuniary gain, regardless of whether he is or is not a member of the governing board at the time such gain is realized.

*California Education Code, Section 89006:* It is unlawful for any person to utilize any information, not a matter of public record, which is received by that person by reason of his or her employment by, or contractual relationship with the trustees, the California State University, or an auxiliary organization of the California State University, for personal pecuniary gain, not contemplated by the terms of the employment or contract, regardless of whether the person is or is not so employed or under contract at the time the gain is realized.

*California Education Code, Section 5236:* An Auxiliary organization incorporated as a California nonprofit public benefit corporation must also comply with the California Corporations Code prohibitions on self-dealing transactions in which a member of its governing board has a material financial interest (Cal. Corp. Code 5233) and prohibitions on loans of money or property to, and guarantees of obligations of, its board members or officers.

## **II. Policy**

### **A. Governing Board of Directors**

No member of the governing board of directors of Humboldt State University Center (UC), shall be financially interested in any contract or other transaction entered into by the governing board that is not in accordance with the conflict of interest provisions set forth in Education Code 89906-89909.

Good judgment, high ethical standards, and honesty are a must in all business dealings. Even the appearance of a possible conflict of interest is discouraged and is in violation of policy. If a board member questions whether a situation represents potential conflict of interest, the board member should discuss it immediately with the UC Executive Director.

To avoid contracts or transactions entered into by the governing board of UC from being voided, a board member must disclose a financial interest that could be impacted by the action of the governing board. Under these circumstances the board member must refrain from any action to influence or approve such a transaction.

### **B. Employees**

This policy applies to all employees who have significant exposure and/or decision making authority to warrant regular monitoring of Conflict of Interest activities. No employee of Humboldt State University Center (UC), shall be financially interested in any contract or other transaction entered into by UC that is not in accordance with the conflict of interest provisions set forth in Education Code 89906-89909.

Good judgment, high ethical standards, and honesty are a must in all business dealings. Even the appearance of a possible conflict of interest is discouraged and is in violation of policy. If an employee questions whether a situation represents potential conflict of interest, the employee should discuss it immediately with the UC Executive Director.

To avoid contracts or transactions entered into by UC from being voided, an employee must disclose a financial interest that could be impacted by an action of the employee. Under these circumstances the employee must refrain from any action to influence or approve such a transaction.

### **C. Reporting**

Failure to disclose conflict(s) of interest and potential violation(s) of the Conflict of Interest Policy should be reported/referred to the UC Executive Director. The Executive Director will determine whether or not a real or perceived conflict of interest exists. Failure to file a Conflict of Interest Disclosure form as required or intentionally filing a false or misleading Conflict of interest Disclosure form may result in disciplinary action, up to and including discharge from the Board/employment.

#### **D. Definitions**

“Conflict of Interest”- a conflict of interest is defined as participating in or making decisions which could reasonably affect a person’s economic interests in a material way and that such participation would impact the person’s economic interest differently than other persons with the same association with UC. Examples of conflict of interest situations include but are not limited to the following:

##### Financial Interests

1. University Center contracts to purchase/lease goods, services, or property from a Board member or employee.
2. University Center offers employment to a Board member, other than a person who is already employed by University Center.
3. A Board member uses its relationship with a University Center client to obtain employment, a contract or other benefit.
4. A Board member is provided use of the facilities, property, or services of University Center in a manner that would not be available to other non-Board members or employees.
5. University Center adopts a policy that specifically creates a financial benefit to a Board member.
6. Engaging in any transaction or employment that is competitive with activities or objectives of University Center.
7. Engaging in any transaction or employment that could be considered supplying goods or services to University Center.
8. Purchasing property or goods for personal use at prices negotiated for University Center.
9. Participating in any personal financial dealings with persons or organizations where receiving loans, commissions, royalties, property, or shares in profits are involved.

##### Other Interests

1. Using any University Center information that is not a matter of public record for personal gain (not necessarily financial).
2. Using any items, written material, or graphics produced for University Center, for personal gain.
3. Using any University Center equipment or resources for personal gain.
4. University Center adopts a policy that provides a significant nonfinancial benefit to a Board member.

##### Outside Activities Which Negatively Impact University Center

An employee or Board members’ outside business activities that complete or potentially could compete with University Center or such activities could damage or impede University Center business.

Inappropriate Use of University Center Connections

An employee or Board member's business interests that might benefit because of access to University Center information or through association with University Center.

Business Interest in Customer/Supplier Connection

An employee or Board member represents University Center in a business dealing with a customer/supplier where the member holds an interest in the customer/supplier's business.

Use of University Center Facilities, Equipment, or Supplies or Personal Activities An employee or Board member uses University Center equipment, supplies, or facilities for their personal benefit or for the benefit of an outside organization, without appropriate compensation to University Center for the use of such equipment, supplies, or facilities.

Appearance of a Conflict of Interest

The appearance of a conflict of interest may be just as damaging to University Center's reputation as an actual conflict. Employees and Board members should objectively examine their actions periodically so that an outside observer (such as a customer, government agent, vendor, or employee) would have no reason to believe that a conflict of interest might exist.

Gifts Received from External Contacts

Employees, Board members and their relatives are prohibited from accepting anything above nominal value (including gifts or cash) from outside business contacts doing business with University Center. These exchanges may be seen as attempts to unduly influence business relationships.

Discourage Gifts

The Board member/employee is responsible to tactfully discourage such gifts.

Unacceptable Gifts

Examples of unacceptable gifts or favors include:

1. Expensive entertainment;
2. Free or discounted travel or vacation facilities;
3. Free or discounted services or equipment;
4. Loans;
5. Clothing, jewelry, or;
6. Any gift(s) received from a single business contact totaling more than \$420 in a 12-month period.

Acceptable Gifts (Exceptions to the Gift Rule)

Nominal gifts are acceptable when it is clear that:

1. The intent is not to try to exert any influence or University Center transactions;
2. The gift is unsolicited; and
3. The gift is a customary business courtesy. Board members/employees may accept typical business gifts of minimal value such as lunches, plants, pens, holiday candy, or inexpensive entertainment items.

Personal Gifts

Members of the Board of Directors/employees may also accept gifts or favors based on clearly identifiable relative or personal relationships, under circumstances motivated by the relationship rather than business interests.

Gifts Given to External Contacts

No member of the Board of Directors/employee may offer an external business contact a valuable gift in an effort to seek a favorable result for University Center or for any personal interest. It is accepted and appropriate practice to give gifts of minimal value (see Acceptable Gifts above), but expensive gifts should not be given to customers or potential customers.

Contract Interest

No Board member shall be financially interested in any contract or other transaction entered into by the Board of which they are a member, and any contract or transaction entered into in violation of this section is void.

**E. Procedures**

UC requires that Board members and employees review the Conflict of Interest Policy and sign a Conflict of Interest Disclosure form which affirms such person:

1. Has received a copy of the conflict of interest policy.
2. Has read and understands the conflict of interest policy.
3. Has disclosed any financial interests they have in a contract or transaction entered into by University Center, the Board or Committee.
4. Will disclose any future financial interests in a contract or transaction entered into by University Center, the Board or Committee.
5. Has agreed to comply with the policy.
6. Understands UC is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

UC board members will be required to sign the Conflict of Interest Disclosure form at the time of election to the Board of Directors, annually thereafter, and within 30 days of discovering or acquiring a new potential conflict of interest as defined by this policy.

All UC management and other employees that have been designated as in positions of decision making authority related to UC business activities, are required to sign the Conflict of Interest Disclosure form at the time of hire, and are required to annually review the Conflict of Interest Policy and attest that they do not have any conflicting financial interests.

**Employee Conflict of Interest Disclosure** forms shall be given to the UC HR representative who will sign off on forms where no conflict is noted. If a conflict is noted, the UC Executive Director will review to determine if a conflict of interest exists. If the review reasonably determines that a conflict of interest exists or the potential for one could occur, the UC Executive Director will make recommendations as to how to manage, reduce or eliminate the potential or actual conflict(s) of interest. Employees must maintain an ongoing review of their situations to ensure that changed circumstances do not create violations of this policy.

**Board Member Conflict of Interest Disclosure** forms shall be given to the UC Executive Director who will sign off on all forms. If a conflict is noted, the UC Executive Director will review to determine if a conflict of interest exists. If the review reasonably determines that a conflict of interest exists or the potential for one could occur, the UC Executive Director will make recommendations as to how to manage, reduce or eliminate the potential or actual conflict(s) of interest. Board members must maintain an ongoing review of their situations to ensure that changed circumstances do not create violations of this policy.

The Conflict of Interest Disclosure forms shall be retained by the UC Executive Director in the Board member/employees' file for the duration of the Board member term/employment.

The UC Executive Director will ensure that University Center meets any state or federal regulations regarding the provisions of ethics training to its board members and employees. The *Avoiding Conflict of Interest* training is assigned to UC employees within CSU Learn upon hire and is valid for two (2) years after completion.