

Title: Conflicts of Interest Policy; Trustees, Officers, Faculty and Staff**Policy Reference: By-Laws of Benedictine University****Background:**

The Federal Tax Code, state laws pertaining to not-for-profit charitable organizations and common law principles of fiduciary duty prohibit self-dealing by insiders in order to assure the integrity and objectivity of the organization's decision making. In addition, federal laws and regulations mandate conflict-of-interest-related requirements for a university's federally funded research and other activities.

Benedictine University's (the "University's") Conflict of Interest Policy helps assure the integrity and objectivity of the University's decision making; protects University funds through proper stewardship and the avoidance of fines and penalties; and protects the reputation of the University from adverse media attention and government scrutiny. This Policy describes the responsibility of trustees, officers, faculty and staff to administer the financial resources of the University, consistent with its mission without even the appearance of impropriety and provides for penalties if employees or other insiders benefit unduly from transactions with the University.

This Policy supplements any conflict of interest provisions that may appear in the Faculty, Staff, and Board of Trustees Handbooks.

Policy Statement:

Benedictine University expects its trustees, officers, faculty and staff to advance the University's mission of education guided by the Roman Catholic tradition and Benedictine heritage as part of the responsibility with which they are entrusted. All trustees, officers, faculty and staff are responsible not only to conduct themselves at all times so as to protect scrupulously the interests of Benedictine University, but also must do their best to observe and comply with all laws, rules and regulations and to avoid situations where their personal interests might be or appear to be in conflict with those of the University.

Each trustee, officer, faculty and staff member shall annually disclose to the University any potential conflicts of interest by signing and submitting a University disclosure statement.

Definitions:

- **Compensation:** Direct and indirect remuneration as well as gifts, favors, loans, advances, special discounts or services in excess of \$50.00.
- **Conflict of Commitment:** A conflict of commitment occurs when the time devoted to an external activity adversely affects a faculty member's capacity to meet University obligations.
- **Conflict of Interest (COI):** A COI exists where the occurrence of an activity or interest competes with or diminishes the interest of the University or interferes with the employee's performance of duties on behalf of the University. A COI also exists where the outcome of an activity or decision serves the personal, professional or economic interest of the employee and is in conflict with the interests of the University. A non-exclusive list of potential Conflicts of Interest includes:

- An individual's use of their position or knowledge gained at the University to influence decisions for their personal advantage or for the advantage of their families or friends;
- An individual's placing his or her personal interest before the University's interest;
- An individual's use of University resources or assets for private gain without fair compensation to the University;
- An individual's receipt of Compensation from a business where the business would appear to benefit from the individual's decision on behalf of the University; or
- An individual's pursuit of an economic opportunity identified in the course of University service, where the opportunity is not widely available, and has not been disclosed to the appropriate University officials.
- **Economic Interest:** An individual has an economic interest if the individual has, directly or indirectly, through business, investment or family:
 - An ownership or investment interest in any entity with which the University has a transaction or arrangement;
 - A compensation arrangement with the University or with any entity or individual with which the University has a transaction or arrangement; or
 - A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the University is negotiating a transaction or arrangement.
- **Institutional Conflict of Interest (ICOI):** A potential Institutional Conflict of Interest may be deemed to exist where the relationship between the University and an external entity compromises (or appears to compromise) the integrity of the institutional decision making. Examples of potential ICOI are:
 - When the University has a financial interest, such as stock ownership or royalty interest, in a company that sponsors or has its own financial interest in research at the University; or
 - Commercial arrangements that provide collateral benefits to the University such as where a vendor or prospective vendor offers a gift to the University or where the University shares in the revenue generated by the sale of products or services to students, faculty, alumni or other constituents.

I. Roles and Responsibilities:

- Each trustee, officer, faculty and staff member is expected to:
 - Avoid even the appearance of impropriety when performing their duties.
 - Avoid creating relationships between the University and external entities that compromise (or appear to compromise) the integrity of the University's decision making.
 - Apply the time and effort for which they are compensated, and their use of University resources, toward University ends.
- Faculty Conflicts of Commitment are addressed in §2.18 of the Faculty Handbook.

II. Review of Policy and Duty to Disclose

- University trustees, officers, faculty and staff shall annually sign a statement which affirms that each:
 - Has received a copy of this Conflicts of Interest Policy;
 - Has read and understands the Policy;
 - Has agreed to comply with the Policy; and
 - Understands that the University is a charitable organization and in order to maintain its federal tax exemption must engage primarily in activities which accomplish one or more of its tax-exempt purposes.
- Each trustee, officer, faculty and staff shall annually disclose to the appropriate University official as specified below any actual or potential conflicts of interest by signing and submitting a University disclosure statement. Disclosures are to be updated as pertinent new interests or situations arise.
 - When any interest on the part of a trustee, or officer, of the University or a member of his or her family poses a possible conflict with the trustee's, or officer's, University responsibilities, the trustee or officer shall promptly report the conflict to the attention of the other trustees or the officers of the University who are participating in or voting on the matter which poses the possible conflict, and the trustee or officer making such report shall abstain from participation in or voting on such matters.
 - The minutes of the meeting (if applicable) shall reflect that a disclosure was made and that the trustee or officer abstained from any participation in the matter, and if the recording of minutes is not applicable, an appropriate written record of the disclosure and abstention shall be duly made.
 - Any faculty member who engages in sponsored research shall disclose to the University any potential conflicts of interest relating to the research on their annual conflicts disclosure statement.
 - It is the responsibility of all employees to report to the Vice President for Compliance and Mesa Operations any potential conflict of interest of which he or she becomes aware affecting transactions to which the University is a party.
 - Employees disclosing a conflict should not initiate any contract or transaction relating to the disclosed conflict, to which the University is a party until the conflict is reviewed and approval is received.

III. Conflict Administration, Disclosure and Review

- The Vice President for Compliance and Mesa Operations shall have responsibility for the annual distribution of this Policy and disclosure questionnaire, and for all records pertaining to this Policy including the responses to the disclosure questionnaire and the review and resolution of disclosed conflicts. (Where the Vice President for Compliance and Mesa Operations makes any disclosure under this Policy, the pertinent records shall be maintained by the Executive Vice President or his designee.)
- The responsibility for obtaining the annual disclosure shall be assigned as follows:
 - For the Board of Trustees and the officers of the University: the Secretary of the Board of Trustees;
 - For the faculty: the Provost and V.P. of Academic Affairs; and

- For all staff members: the Vice President for Business and Finance or the Vice President for Compliance and Mesa Operations.
- The responsibility for reviewing and resolving disclosures of a conflict of interest shall be as follows:
 - By a University Trustee or Officer: the Board of Trustees;
 - By a member of the faculty: the Provost and V.P. of Academic Affairs (or his designee) and the Dean (provided further, that where such disclosure is made by a Dean or the Provost and V.P. of Academic Affairs, then the President shall have such responsibility); and
 - By a staff member: the Vice President for Compliance and Mesa Operations (provided further, that where such disclosure is made by the Vice President for Compliance and Mesa Operations, then the President shall have such responsibility).
 - Review and recommendations for resolution of Institutional Conflicts of Interest shall be made by the Vice President for Compliance and Mesa Operations to the Executive Vice President and/or President, with final decision by the Board of Trustees.
- The Office of the Provost and V.P. of Academic Affairs, or the Office of Business and Financial Services, and the Vice President for Compliance and Mesa Operations are available to provide assistance in answering questions, providing guidance on approaches to resolving conflicts of interest in the Colleges or administrative departments, and in addressing any unique or complex situations.

IV. Violations of Conflicts of Interest policy

- If the appropriate University official has reasonable cause to believe an individual has failed to disclose actual or potential conflicts of interest the official shall inform the individual of the basis for the belief and afford the individual the opportunity to explain the alleged failure to disclose.
- If, after hearing the individual's response and after making further investigation as warranted by the circumstances, the appropriate University official determines the individual has failed to disclose an actual or potential conflict of interest, the official shall take appropriate disciplinary and corrective action.

Contacts:

- Nancy Stoecker, Vice President for Compliance and Mesa Operations (630) 829-6402
- Allan Gozum, V. P. of Finance (630) 829-6418
- Dr. Maria de la Camara, Provost and V.P. of Academic Affairs (630) 829-6241
- Charles Gregory, Executive Vice President (630) 829-6076

Additional Resources:

- *Board of Trustees Handbook*
- *Faculty Handbook*
- *Employee Handbook*

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Department Responsible: Compliance