



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 protects University assets including its reputation by assuring the integrity and objectivity of the University's decision making. It describes the responsibility of Trustees, officers, faculty and staff to discharge their responsibilities to the University, consistent with its mission without even the appearance of impropriety; and provides for disclosure, proscription and resolution of potential conflicts in the University's best interests.

This Conflicts of Interest Policy supplements but does not replace the By-Laws of Benedictine University Article XVI: Conflict of Interest; or the Faculty Handbook Conflicts of Commitment, or any conflicts of interest provisions contained in the Benedictine University Employee Handbook.

Policy Statement:

Benedictine University expects its Trustees, officers, faculty and staff to advance the University's mission with integrity; conducting themselves at all times so as to protect scrupulously the interests of Benedictine University, observing and complying with all laws, rules and regulations and avoiding situations where their personal interests or the interests of family, friends or associates might be or appear to be in conflict with those of the University.

Definitions:

1. **Compensation:** Direct and indirect remuneration as well as gifts, favors, loans, advances, special discounts or services in excess of \$50.00.
2. **Compelling Benefit:** Guidelines established by the Association of Governing Boards to determine if a conflicted transaction should be permitted for being not only fair, reasonable, and in the University's interest, but for also bringing a compelling benefit to the University.
3. **Conflict of Commitment:** Time devoted to an external activity which adversely affects a person's capacity to meet University obligations.
4. **Conflict of Interest (COI):** A Conflict of Interest is a personal interest that impairs or reasonably appears to impair a person's independent, unbiased judgment in the discharge of his or her responsibilities to the University. A non-exhaustive list of potential Conflicts of Interest includes:
 - a. Advancing any initiative that is incompatible with the person's fiduciary duty to the University;
 - b. Using a person's role at the University or knowledge gained at the University to achieve personal gain, or gain to family, friends or associates;



Benedictine University Board of Trustees

- c. Using the time and effort for which a person is compensated by the University, or University resources, toward non-University ends;
 - d. Receiving Compensation from a business where the business would appear to benefit from the person's decision on behalf of the University;
 - e. Pursuing 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.
5. **Economic Interest:** A person has an economic interest if the person has, directly or indirectly, through business, investment or family, any actual or potential ownership or investment interest in, or compensation arrangement with, any person with which the University has or is negotiating a transaction or arrangement.
 6. **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:
 - a. 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
 - b. 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.
 7. **Person:** Any individual, trust, estate, partnership, association, company or corporation.
 8. **The Standard:** The standard for determining if a Conflict of Interest exists is whether reasonable observers having knowledge of all relevant circumstances, would conclude that the person has an actual or apparent Conflict of Interest in a matter related to the University.

II. Duty to Disclose

1. Trustees and Officers
 - a. Each Trustee and Officer of the University shall annually disclose in writing, any actual or potential conflicts of interest and all material facts which impair or appear to impair their independent, unbiased judgment in the discharge of his/her responsibilities to the University by signing and submitting a Trustee disclosure statement to the Governance Committee of the Board of Trustees.
 - b. Potential new conflicts shall be disclosed to the Chairman of the Board of Trustees or the Chief Legal and Risk Management Officer at the earliest practical time. The Chief Legal and Risk Management Officer shall directly bring any Conflict of Interest disclosure to the attention of the Chairman of the Board of Trustees.
 - c. The President of Benedictine University shall annually inform the Governance Committee of the Board of Trustees of major institutional relationships and transactions that present potential Institutional Conflicts of Interest.
 - d. The Governance Committee shall annually report to the full Board, the Conflicts of Interest disclosed by the Trustees pursuant to this policy and the Committee's decisions regarding the Conflict(s).
2. Each member of a Board Committee who is not a Trustee shall comply with University policies pertaining to Trustee Conflicts of Interest and Disclosure.

Benedictine University Board of Trustees

3. Faculty
 - a. Each Faculty member shall annually disclose actual or potential Conflicts of Interest and actual or potential Conflicts of Commitment by signing and submitting a University disclosure statement.
 - b. Any faculty member who engages in sponsored research shall also disclose any potential conflicts of interest relating to the research on their annual conflicts disclosure statement.
 - c. Disclosures are to be updated at the earliest possible time as pertinent new interests or situations arise.
4. Employees
 - a. Each employee shall annually disclose any actual or potential conflicts of interest, by signing and submitting a University disclosure statement.
 - b. It is the responsibility of all employees to report to the Chief Legal and Risk Management Officer any potential conflict of interest of which he or she becomes aware in a matter related to the University.
 - c. Disclosures are to be updated at the earliest possible time as pertinent new interests or situations arise.
 - d. Employees disclosing a conflict should not initiate any contract or transaction relating to the disclosed conflict in a matter related to the University, until the conflict is reviewed and resolved.

III. Conflict Review, and Resolution

1. Trustees disclosures shall be reviewed annually by the Governance Committee of the Board of Trustees (the Committee).
 - a. The Trustee disclosing a conflict shall provide all material facts concerning the conflict to the Committee.
 - b. The Committee shall determine based on a consideration of all relevant facts and any other pertinent information including comparable transactions whether the Conflict of Interest is fair, reasonable, and in the University's best interest.
 - c. The Committee shall apply the Association of Governing Boards' *Guidelines on Compelling Benefit* to further determine if the Conflict of Interest is permitted, and whether and how the Conflict is to be managed.
 - d. If the Committee finds that the Trustee's conflict of interest is extensive, it may bring the issue to the full Board for its consideration and further inquiry as warranted. The Governance Committee's decisions regarding Conflicts shall be recorded in the minutes of the meeting where the matter is decided.
2. Faculty disclosures shall be reviewed by the Dean and the Provost and Chief Academic Officer, (provided, that where such disclosure is made by a Dean or the Provost and Chief Academic Officer, then the President shall have such responsibility).
 - a. The faculty member shall provide all material facts concerning the Conflict to the Dean and the Provost and Chief Academic Officer, who together shall decide if a conflict exists.
 - b. If a conflict is found to exist, the Provost and Chief Academic Officer shall determine whether the University will approve the Faculty member's



Benedictine University Board of Trustees

- involvement and how the Conflict will be managed.
- c. The decisions of the Provost and Chief Academic Officer regarding Conflicts shall be recorded and a copy sent to the Office of Compliance, Legal and Risk.
3. Employee disclosures shall be reviewed by the employee's next level manager and Divisional Leader (provided further, that where such disclosure is made by the Divisional Leaders or Chief Legal and Risk Management Officer, then the President shall have such responsibility).
 - a. The employee shall provide all material facts concerning the Conflict to the employee's next level manager and Divisional Leader, who together shall decide if a conflict exists.
 - b. If a conflict is found to exist, the Divisional Leader shall determine whether the University will approve the employee's involvement and how the Conflict will be managed.
 - c. The decisions of the Divisional Leader regarding Conflicts shall be recorded and a copy sent to the Office of Compliance, Legal and Risk.
 4. Review and recommendations for resolution of Institutional Conflicts of Interest shall be made by the Chief Legal and Risk Management Officer to the President, with final decision by the Board of Trustees.
 5. The Office of Compliance, Legal and Risk, the Office of the Provost and Chief Academic Officer, and the Office of Business and Finance, are available to provide assistance in answering questions, providing guidance on approaches to resolving conflicts of interest, and in addressing any unique or complex situations.

IV. Conflict Administration and Annual Statements

1. The Chief Legal and Risk Management Officer shall have responsibility for the annual distribution of this Policy and disclosure questionnaire. The Office of Compliance, Legal and Risk shall retain all records pertaining to this Policy including the responses to the disclosure questionnaire and the review and resolution of disclosed conflicts. (Where the Chief Legal and Risk Management Officer makes any disclosure under this Policy, the pertinent records shall be maintained by the President or his designee.)
2. University Trustees, officers, faculty and employees shall annually sign a statement which affirms that each:
 - a. Has received a copy of this Conflicts of Interest Policy and University By-Laws;
 - b. Has read and understands their responsibilities under the Policy and By-Laws;
 - c. Has agreed to comply with this Policy, By-Laws and other conflicts of interest provisions applicable to them in their role at the University; and
 - d. 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.

V. Violations of Conflicts of Interest policy

1. If, after referral from the Governance Committee, the Board of Trustees determines that a Trustee's conflict of interest is extensive, it may request that the



Benedictine University Board of Trustees

Trustee resign or may vote by 2/3 majority of those present to remove the Trustee from the Board permanently or temporarily.

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

Contacts:

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- Dr. Kenneth Newbold, Provost and Chief Academic Officer (630) 829-6240
- Nancy Stoecker, Chief Legal and Risk Management Officer (630) 829-6402

Additional Resources:

- *Benedictine University By-Laws*
- *Guidelines on Compelling Benefit, Association of Governing Boards*
- *Board of Trustees Handbook*
- *Faculty Handbook*
- *Employee Handbook*
- *Whistleblower Protection Policy*

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Department Responsible: Office of Compliance, Legal and Risk