



## CONFLICT OF INTEREST POLICY FOR PROJECT ACCOUNTS

### Article I. Purpose

In accordance with Section 89906 of the California State Education Code, the University Corporation (U Corp) has adopted this Conflict of Interest Policy for Interested Persons. The purpose of this conflict-of-interest policy is to protect the U Corp's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of one of its project directors or other individuals authorized to expend U Corp funds, or might result in an excess benefit transaction. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest.

### Article II. Definitions

1. **Interested Person** – An Interested Person is any project director or other individual with authority to expend U Corp funds, who has a direct or indirect Financial Interest, as defined below.
2. **Financial Interest** – A person has a Financial Interest if the individual has, directly or indirectly, any actual or potential ownership, investment, or compensation arrangement with U Corp or with any entity that conducts transactions with U Corp.

A Financial Interest is not a conflict of interest in all cases. Under Article III, Section 2 of IRS Form 1023, a person with a Financial Interest may have a conflict of interest only if the appropriate committee decides that a conflict of interest exists.

3. **Committee** – The Committee shall consist of Disinterested Persons including U Corp's Executive Director, Director of Finance and Administration, and appropriate supervising campus personnel, generally a Dean/AVP, or Provost/VP.

### Article III. Procedures

1. **Duty to Disclose** – In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence of the Financial Interest and be given the opportunity to disclose all material facts to the committee members with governing board-delegated powers considering the proposed transaction or arrangement. In an effort to aid such disclosure, all Interested Persons shall complete a conflict-of-interest questionnaire as circumstances warrant, but no less frequently than annually.

2. **Determining whether a conflict of interest exists** – UCorp staff will review each questionnaire completed by Interested Persons. If a potential financial interest is disclosed, the questionnaire will be brought to the Committee for review, and a determination will be made by the Committee whether or not a conflict of interest exists.
3. **Procedures for addressing the conflict of interest** – After exercising due diligence, the Committee shall determine whether UCorp can obtain with reasonable effort a more advantageous transaction or arrangement from a person or entity that would not produce a conflict of interest. The Interested Person shall not be present during the determination.

If an alternative transaction or arrangement is not possible, the Committee shall determine by a majority vote whether the transaction or arrangement is in the best interests of UCorp, for its own benefit, and fair and reasonable. Based on these determinations, the Committee shall make its decision on whether to enter into the transaction or arrangement.

4. **Disciplinary action** – If the Committee has reason to believe an Interested Person has failed to disclose an actual or potential conflict of interest, it will inform the Interested Person and allow him/her to explain the alleged failure to disclose. If the Committee still has reason to believe a conflict of interest exists after the alleged conflict is explained, it will take appropriate corrective action, which may include, but is not limited to: revoking authority over a project; reporting any violations to the university for review; and/or discontinuing a project.