

UNIVERSITY OF CENTRAL ARKANSAS
BOARD POLICY

Policy Number: 517

Subject: Conflict of Interest

Date Adopted: 10/99 Revised: 12/12

1. Purpose:

It is the policy of the university that all employees take affirmative steps to avoid or minimize actual and potential conflicts of interest between their financial or other personal interests and the goals and policies of the university. Each faculty and staff member, by virtue of employment, accepts the responsibility to avoid activities or commitments that are inconsistent with university duties.

2. Application:

This policy is applicable to all faculty and staff employed by the university, whether full-time or part-time.

3. Definitions:

- a. "Immediate family member" is defined as an employee's spouse and dependent children as defined by the Internal Revenue Service.
- b. "Financial interest" is defined as any relationship, including consultation or other professionally-related employment, entered into by an employee or a member of his/her immediate family, that could result in financial gain to the employee or a member of his/her immediate family, including but not limited to salary or other payments for services, or equity interest.
- c. "Equity instrument" is defined as preferred and common stock, stock options, warrants, bonds, notes or similar instrument. Investments in mutual funds or other investments in which an independent party has primary decision-making control regarding stocks selected or shares held are not included within this definition.

4. Conflicts of Interest:

Because the complexity and diversity of personal relationships is extensive, the perception of a conflict of interest may vary from one individual to another. The most effective means to address a conflict of interest is to establish a system by which employees disclose and obtain

evaluation of actual or potential conflicts of interest. Thus, employees shall disclose any actual or potential conflict of interest.

An employee has a conflict of interest if his/her judgment and discretion in matters affecting the university is or may be influenced by considerations of personal gain or financial benefit. Arkansas law prohibits state employees from using employment positions to gain special privileges or exemptions for themselves or immediate family members that are not available to the general public.

The following is a partial list of activities or actions that merit a case-by-case analysis to determine whether, individually or collectively, they create an actual or potential conflict of interest that should either be managed appropriately or eliminated:

- a. use of an employee's position or authority to influence or make decisions that lead to any form of financial or personal gain for that employee or an immediate family member;
- b. consultation and other professionally-related employment;
- c. purchase of goods or services for the university from businesses in which the employee, or a member of his/her immediate family, has a financial interest, or as a result of such purchase, may directly benefit;
- d. receipt of gifts, gratuities, loans, or special favors;
- e. holding of an ownership interest by the employee or a member of the employee's immediate family in any real or personal property leased or purchased by the university;
- f. holding of an equity, royalty, or debt instrument by the employee or a member of the employee's immediate family in an entity providing to the university financial support when such support will benefit the employee or persons supervised, directly or indirectly, by the employee;
- g. receipt, directly to the employee from non-university sources, of cash, services, or equipment provided in support of the employee's university activities;
- h. some memberships on board of directors, committees, advisory groups or similar bodies of governmental, for-profit or not-for-profit entities; and
- i. use of information received as a university employee for personal purposes.

5. Procedure:

On an annual basis and no later than January 31st of each year, all employees shall submit a "Conflict of Interest - Financial Disclosure Statement." For a limited number of employees, this

statement will be in addition to extra income statements and ethics disclosure forms required by Arkansas law. All employees are required to update the statement on an as-needed basis, such as when there is a significant change in information that indicates an actual or potential conflict of interest.

For all employees except the president and vice presidents, the completed statement shall be submitted for review through the supervisory line to the appropriate vice president. In the case of vice presidents, the completed statement shall be submitted to the president. The president's statement shall be submitted to the Board of Trustees. The appropriate vice president, president, or Board of Trustees shall review the statement to determine whether an actual or potential conflict of interest exists. In the event it is determined that an actual or potential conflict of interest exists, the appropriate vice president, president or Board of Trustees shall determine what conditions or restrictions, if any, should be imposed in order to manage, reduce, or otherwise eliminate the conflict.

The following is a partial list of conditions or restrictions that may be imposed, individually or collectively, to manage, reduce, or otherwise eliminate the actual or potential conflict of interest:

- a. monitoring of an employee's responsibilities, duties or tasks;
- b. modification of the employee's responsibilities, duties or tasks;
- c. public disclosure of the financial interest;
- d. divestiture of the financial interest;
- e. severance of the relationship creating the actual or potential conflict; and
- f. termination from the university.

6. Documentation:

The "Conflict of Interest - Financial Disclosure Statement," as well as all recommendations, decisions, and actions taken concerning an actual or potential conflict of interest shall be maintained in the office of the appropriate vice president. The Office of the President shall maintain all documentation concerning each vice president, and the general counsel shall maintain all documentation concerning the president. Individuals to whom disclosures have been made shall take all reasonable steps to ensure the confidentiality of the disclosures to the extent permitted by state law, including the maintenance of documentation in a confidential manner.

7. Disciplinary Action:

Failure to comply with the requirements of this policy may constitute grounds for disciplinary action consistent with the *Faculty and Staff Handbooks*.

8. Previous Policy Statements:

This policy supersedes any and all previous conflict of interest statements and/or policies, except Board Policy No. 320, "Conflict of Interest - Sponsored Programs," and internal departmental policies established by the financial aid office.