

CALIFORNIA STATE UNIVERSITY, STANISLAUS FOUNDATION
SUBJECT: CONFLICT OF INTEREST POLICY

PURPOSE: To provide that the California State University, Stanislaus Foundation operates in accordance with applicable regulations and policies of the CSU Board of Trustees and the campus.

REPLACES: NEW

EFFECTIVE DATE: December 18, 2002

CONFLICT OF INTEREST POLICY

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.

II. PURPOSE

The CSU Stanislaus Foundation is a legal entity under State law and subject to specific statutes, regulations, and policies of State, Federal, and some times local governments. To the extent that non-State funded activities occur on a campus, the campus President is directly responsible by State statute for ascertaining that all expenditures by the CSU Stanislaus Foundation are in accordance with policies of the trustees, and to require that the CSU Stanislaus Foundation operate in conformity with policy of the board of Trustees and the campus.

California State University, Stanislaus Foundation is to operate in accordance with applicable regulations and policies of the CSU Board of Trustees and the campus. Even though auxiliary organizations may be organized as corporations, they are first and foremost auxiliary organizations of the CSU and must therefore operate pursuant to the specific statutes and regulations applicable to auxiliary organizations.

Based upon the authority cited above, the CSU Stanislaus Foundation is required to adopt a conflict of interest policy and procedures for members of their governing boards and employees. The governing board members and employees are required to receive and sign an annual Statement of Compliance.

III. POLICY GOVERNING BOARD OF DIRECTORS AND EMPLOYEES

No member of the governing board of directors or employee of CSU Stanislaus Foundation 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.

To avoid contracts or transactions entered into by the governing board of the CSU Stanislaus Foundation from being voided, a board member must disclose a financial interest which 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.

IV. REPORTING

The CSU Stanislaus Foundation Executive Officer shall provide the campus Chief Financial Officer with a report of compliance with this policy. The report should include the names, positions, terms of office and date compliance statements were signed. This report shall be forwarded to the campus Chief Financial Officer annually by June 15.

Violations of the conflict of interest policy shall be reported to the campus Chief Financial Officer upon discovery.

V. 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 the auxiliary organization.

“Statement of Compliance” – The annual statement signed by each member of an auxiliary governing board which signifies that they have read and understood the provisions set forth in Education Code Sections 89906-89909 and are not financially interested in any contract or other transaction entered into by the CSU Stanislaus Foundation.