

Conflicts of Interest

PURPOSE	1
POLICY STATEMENT	2
WHO SHOULD KNOW THIS POLICY	2
DEFINITIONS	2
REGULATIONS	3
1.0 BOARD TRANSACTIONS	3
1.1 <i>Use of Proprietary Information</i>	3
1.2 <i>Annual Certification</i>	4
2.0 OTHER TRANSACTIONS	4
2.1 <i>Gifts and Entertainment</i>	4
2.1.1 Exceptions to the Gift Prohibition	4
2.1.2 Reporting Gifts	5
2.1.3 Annual Certification	5
2.2 <i>Discounts</i>	5
2.3 <i>Business Meetings</i>	5
2.4 <i>Outside Employment</i>	5
2.5 <i>Relationships with Suppliers and Customers</i>	5
2.6 <i>Employment of Relatives</i>	6
2.7 <i>Compliance</i>	6
2.7.1 Signature Authorization Cards	6
3.0 REPORTING VIOLATIONS	7
FORMS	7

Purpose

Associated Students, Incorporated is a nonprofit, tax-exempt organization. Maintenance of its tax-exempt status is important both for its continued financial stability and for continuing public support. Therefore, the IRS as well as state regulatory and tax officials view the operations of ASI as a public trust, which is subject to scrutiny by and accountable to governmental authorities as well as to members of the public.

Consequently, there exists between ASI and its board, officers, and management employees and the public a fiduciary duty, which carries with it a broad and unyielding duty of loyalty and fidelity. Board members, officers, and management employees have the responsibility of administering ASI's affairs honestly and prudently, and of exercising their best care, skill, and judgment for the sole benefit of ASI. Those persons shall exercise good faith in all transactions involved in their duties, and they shall not use their positions with ASI or knowledge gained there from for their personal benefit.

This statement is directed not only to directors and officers, but to all employees who can influence the actions of ASI. For example, this would include all who make purchasing decisions, all persons who might be described as "management personnel," and anyone who has proprietary information concerning ASI.

Policy Statement

It is the policy of the Associated Students, Incorporated that the existence of any of the interests described in this policy statement shall be disclosed before any related transaction is consummated. It shall be the continuing responsibility of the board, officers, and management employees to scrutinize their transactions and outside business interests and relationships for potential conflicts and to immediately make such disclosures.

The areas of conflicting interest listed herein, and the relations in those areas which may give rise to conflict are not exhaustive. Conflicts might arise in other areas or through other relations. It is assumed that the directors, officers, and management employees will recognize such areas and relations by analogy.

The fact that one of the interests described herein exists does not necessarily mean that a conflict exists, or that the conflict, if it exists, is material enough to be of practical importance, or if material, that upon full disclosure of all relevant facts and circumstances, is necessarily adverse to the interests of ASI. Nonetheless, adherence to this policy is required at all time.

Who Should Know This Policy

- | | | |
|--|--|--|
| <input checked="" type="checkbox"/> Budget Area Administrators | <input checked="" type="checkbox"/> Elected/Appointed Officers | <input checked="" type="checkbox"/> Grant Recipients |
| <input checked="" type="checkbox"/> Management Personnel | <input checked="" type="checkbox"/> Program Advisors | <input type="checkbox"/> Staff |
| <input checked="" type="checkbox"/> Supervisors | <input type="checkbox"/> Volunteers | |

Definitions

For purposes of this policy, the terms used are defined as follows:

Term	Definition
Conflict of interest	A situation in which a person has a duty to more than one person or organization, but cannot do justice to the actual or potentially adverse interests of both parties. This includes when an individual's personal interests or concerns are inconsistent with what is best for a customer, or when a public official's personal interests are contrary to his/her loyalty to public business.
Gifts	Any items or services of value, excluding normal business entertainment items such as meals and beverages, items of minimal value given in connection with sales campaigns and promotions, and contributions or donations to recognized charitable and non-profit organizations
Governing boards	The Associated Students Senate, Board of Control, University Student Union Board of Trustees, Child Development Center Board of Trustees, and Student Media Board and any subcommittee thereof created by charter, bylaw, or working rules.
Political contributions	In addition to direct cash contributions, the donation of property or services, or the purchase of tickets to fund-raising events for the benefit of political parties or candidates
Proprietary information	Any information not a matter of public record, which is received by a member of a governing board by reason of his or her membership on the board

Term	Definition
Representatives	Directors, officers, employees and volunteers of ASI and its subsidiaries, as well as agents of any program, activity, or function financially supported and administered by ASI
Supplier	Vendors providing services and/or materials to ASI, including consultants, financial institutions, advisors, and any other person or institution that does business with ASI.
Unfair competition	Wrongful and/or fraudulent business methods to gain an unfair advantage over competitors, including: a) untrue or misleading advertising, b) misleading customers by imitative trademark, name, or package, c) falsely disparaging another's product.

Regulations

1.0 Board Transactions

No member of any governing board of the Associated Students, Incorporated may be financially interested in any contract or other transaction entered into by that board. Any such contract or transaction entered into shall be rendered void, unless:

- 1) The fact of the financial interest is disclosed or known to the governing board and noted in the minutes, and the board thereafter authorizes, approves, or ratifies the contract or transaction in good faith by a vote sufficient for passage without counting the vote(s) of financially interested member(s), and
- 2) The contract is just and reasonable as to the Associated Students, Incorporated at the time it is authorized or approved

These exceptions are NOT applicable (and the contract remains void) if any of the following circumstances exist:

- The contract or transaction is between the Associated Students, Incorporated and a member of the governing board; or
- The contract or transaction is between the Associated Students, Incorporated and a partnership or unincorporated association of which any board member is a partner or in which he/she is the owner or holder, directly or indirectly, of a proprietorship interest; or
- The contract or transaction is between the Associated Students, Incorporated and a corporation in which any board member is the owner or holder, directly or indirectly, of 5 percent or more of the outstanding common stock; or
- A board member is interested in a contract or transaction within the meaning specified above, and without first disclosing such interest to the Board at a public meeting, influences, or attempts to influence another member of the board to enter into the contract or transaction.

1.1 Use of Proprietary Information

It is unlawful for any person to utilize any information, not a matter of public record, which is received by him/her by reason of membership on a Board for personal pecuniary gain, regardless of whether he/she is or is not a member of that Board at the time such gain is realized.

1.2 Annual Certification

Annually each member of a governing board will be required to sign a Conflict of Interest Disclosure Statement, attesting to the fact that the member is not now nor has been in conflict of interest, and that the member will subsequently notify the board of which he/she is a member of any action(s) which would place the member in conflict.

(Reference: California Education Code Sections 89906 - 89909.)

2.0 Other Transactions

In addition to conflicts of interest involving board transactions, several situations could give rise to a conflict of interest for ASI representatives. The most common are accepting gifts from suppliers, gaining outside employment with another company, owning a significant part of another company or business, having close or family relationships with outside suppliers, and communicating with competitors. A potential conflict of interest exists for any representative who makes decisions in the course of their duties that would allow them to give preference or favor to a customer or vendor in exchange for anything of personal benefit to themselves or their friends and their family. Such situations could interfere with a representative's ability to make judgments solely in ASI's best interest.

2.1 Gifts and Entertainment

No representative or member of his or her immediate family shall solicit or accept from an actual or prospective customer or supplier any compensation, advances, loans (except from established financial institutions on the same basis as other customers), gifts, entertainment, or other favors.

Under no circumstances shall a gift or entertainment be accepted which would influence a representative's judgment. In particular, representatives must avoid any interest in or benefit from any supplier that could reasonably cause them to favor that supplier over others. It is violation of this policy for any representative to solicit or encourage a supplier to give any item or service to the representative regardless of its value, no matter how small.

2.1.1 Exceptions to the Gift Prohibition

Gifts given directly to ASI or to an ASI department, or even to another member of a representative's family in circumstances where the representative is not in control of the gift do not violate this prohibition. But gifts given to the representative, even when the representative gives it to ASI or someone else are prohibited. However, if within 30 days of receipt, the representative returns the gift to the donor, reimburses the donor for the cost of the gift, or donates the gift unused to a public entity or to a charitable organization without taking a tax deduction, the representative will not be in violation of the prohibition against taking gifts.

In addition, items listed below are excluded from the gift prohibition specified above.

- Gifts provided by the university or any of its departments, units, or auxiliary organizations
- Tickets to a fundraising event for a non-profit organization that is tax exempt under IRC Section 501(c)3

2.1.2 Reporting Gifts

A representative who receives, or whose family member receives, an unsolicited gift prohibited by these guidelines, should report it to his or her supervisor, program advisor, or ASI Executive Director, and return it to the person or entity making the gift. In cases where the return of the gift would be interpreted as discourteous and/or potentially harmful to customer or vendor relations, the gift shall be turned over to the ASI Development Office and treated as a charitable contribution to the organization for which a Gift Acceptance Form will be executed.

2.1.3 Annual Certification

Annually each representative will be required to sign a Gift Policy and Disclosure Form acknowledging that they have received and read a copy of the gift regulations and agree not to solicit nor accept gifts prohibited by this policy.

2.2 Discounts

A representative may accept discounts on a personal purchase of the supplier or customer's products only if such discounts do not affect ASI's purchase price and are generally offered to others having a similar business relationship with the supplier or customer.

2.3 Business Meetings

A representative may accept entertainment and services offered by a supplier or customer when they are associated with a business meeting and the supplier or customer provides them to others as a normal part of its business.

2.4 Outside Employment

ASI employees must not be employed outside the company (1) in any business that competes with or provides services to ASI or its subsidiaries; and/or (2) in a manner which would affect their objectivity in carrying out their ASI responsibilities; and/or (3) where the outside employment would conflict with scheduled hours, including overtime, or the performance of ASI assignments. Employees must not use ASI company time, materials, information, or other assets in connection with outside employment.

2.5 Relationships with Suppliers and Customers

Business transactions must be entered into solely for the best interest of ASI. If it is foreseeable that the decision a representative is called upon to make, help make, or influence, will be affected by any of the following economic interests, the representative has a conflict of interest and shall be disqualified from being part of the decision making process:

- 1) The representative has a direct investment worth \$2,000 or more, including ownership of stock by the representative or the representative's spouse or dependent child (an indirect interest) in any business entity with which ASI has a business relationship.
- 2) The representative has a direct or indirect interest worth \$2,000 or more in any real property that ASI owns, buys, sells, or transfers. One's home is not included but any other investment property is.

- 3) The representative has received or is promised to receive any source of income which provides \$500 or more in value within 12 months prior to the time when the decision is made.
- 4) The representative is a director, officer, partner, trustee, representative, or holds any position of management in any business entity with which ASI has a business relationship.
- 5) The representative has received or is promised to receive a gift or gifts from any ASI-related business entity of, or any intermediary or agent for such a business entity within 12 months prior to the time when the decision is made. Gifts of meals or travel or gifts of anything else of value are included.

It is ASI's preference that representatives not do business on behalf of ASI with a close personal friend or relative; however, such transactions are permissible if they provide ASI the best value. Recognizing that these transactions do occur, they must be reported on the Conflict of Interest Disclosure Form.

This policy is applicable equally to the members of the immediate family of each representative, which normally includes spouses, children and their spouses, and the father, mother, sisters and brothers of representatives and members of their respective households.

2.6 Employment of Relatives

Relatives of representatives will not be employed on a permanent, temporary, or contractual basis by ASI in situations where the relative directly reports to the representative or the representative exercises any direct influence with respect to the relative's hiring, placement, promotions, evaluations, or pay.

2.7 Compliance

Annually, each representative of ASI and its subsidiaries will represent in writing, after the exercise of reasonable diligence, that there are no violations of this policy known to the him or her, or if such violations have been committed, to disclose such violations in a format to be specified.

Annually, each director and officer will receive and review the Policy on Conflicts of Interest, complete and sign the Conflict of Interest Disclosure Statement, and return it to the Executive Director.

2.7.1 Signature Authorization Cards

In addition to the above, ASI employees and others with purchasing and budget expenditure authority shall sign the Signature Authorization Card acknowledging that they are prohibited from:

- Engaging in or having any interest in any business or transaction or incurring any obligation which conflicts with or gives the appearance of conflicting with or impairing their independent judgment in discharging their official duties.
- Accepting money, tips, or other considerations for work they would be required or expected to perform in the regular course of their employment duties with the

Associated Students, Incorporated or with programs administered by the Associated Students, Incorporated.

- Referring ASI clients or customers to themselves or to any group with which they are associated for private reimbursable services.
- Accepting gifts, gratuities, or favors from students, persons, or vendors doing business with the Associated Students, Incorporated except as permitted under this policy.
- Disclosing confidential information acquired by or made available to them in the course of their employment with the Associated Students, Incorporated or using such information for speculation or personal gain.

3.0 Reporting Violations

Representatives should be alert to possible violations of this policy anywhere in ASI and are required to report such violations within 14 days of discovery of the violation. Reports should be made to the representative's supervisor, program advisor, or ASI Executive Director as the circumstances dictate using the Ethics Complaint Form. Representatives will also be expected to cooperate in any investigation of violations.

All cases of questionable activity involving this policy or other potentially improper actions will be reviewed for appropriate action, discipline, or corrective steps. Whenever possible, ASI will keep confidential the identity of representatives about or against whom allegations of violations are brought, unless or until it has been determined that a violation has occurred. Similarly, whenever possible, ASI will keep confidential the identity of anyone reporting a possible violation. Reprisal against any representative who has, in good faith, reported a violation or suspected violation is strictly prohibited (refer to Policy on Whistleblower Protection).

Forms

The following forms are to be used in the execution of this policy.

Form Name	Purpose	Responsible Office	Approved By	Timeline for Submission
Conflict of Interest Disclosure Statement	To disclose the existence of any business relationship between a director, officer, or employee and the ASI that could potentially represent a conflict of interest	Office of the Executive Director	N/A	Annually at or near the beginning of the fiscal year (July 1) or near the beginning of the academic year (June 1). Signed form must be on file before signing the Signature Authorization Card.
Ethics Report	To report an allegation of violations of the Policy on Conflicts of Interest	Office of the Executive Director	N/A	Within 14 days of discovery of the incident
Gift Policy and Disclosure Form	To acknowledge receipt of gift regulations and agree not to solicit nor accept gifts prohibited by this policy	Office of the Executive Director	N/A	Annually at or near the beginning of the fiscal year (July 1) or near the beginning of the academic year (June 1).

Form Name	Purpose	Responsible Office	Approved By	Timeline for Submission
Proposed Acceptance of Gifts	To request the official acceptance by ASI of property, equipment, or other non-cash contributions for which the donor can claim a charitable contribution	Development Office	Executive Director, subject to CSULB approval from the Vice President for Student Services, the Associate Vice President for Financial Management, and the Vice President for University Relations and Development	Approval must normally be obtained prior to the actual acceptance of the gift
Signature Authorization Card	To identify and provide specimen signatures of those persons authorized to make transactions on an ASI budgetary account	A.S. Business Office	Authorized budget area signatory and A.S. Business Office	At or near the beginning of the fiscal year (July 1) and revise anytime signature authority changes