

# West Side Summit

## Policy #210: CONFLICT OF INTEREST

**ORIGINAL ADOPTED: 5.12.2015**  
**REVISED & BOARD ADOPTED: 12.19.2015**

### **I. Purpose**

The purpose of the conflict of interest policy is to protect the interest of West Side Summit (hereinafter known as "Organization") when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations and public charter schools.

### **II. General Statement of Policy**

It is the policy of the charter school board to conform to statutory conflict of interest laws and act in a manner that will avoid any conflict of interest or appearance thereof. This policy addresses compliance requirements with MN Stat. 124D.10 Subd 4a; 34 CFR Part 80.26(b) and 36(b)(3); and 34 CFR Part 75.525(a)&(b)

### **III. Definition of a Financial Conflict of Interest**

1. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
  - a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
  - b. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
  - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.
  - d. Compensation includes direct and indirect remuneration as well as gifts or favors.

### **IV. Minnesota Statute Requirements**

West Side Summit will conform with MN statutes as shown below:

*Minnesota Statute 124E.07, Subd. 3(b)*

*(b) An individual is prohibited from serving as a member of the charter school board of directors if the individual, an immediate family member, or the individual's partner is a full or part owner or principal with a for-profit or nonprofit entity or independent contractor with whom the charter school contracts, directly or indirectly, for professional services, goods, or facilities. An individual is prohibited from serving as a board member if an immediate family member is an employee of the school. A violation of this prohibition renders a contract voidable at the option of the commissioner or the charter school board of directors. A member of a charter school board of directors who violates this prohibition is individually liable to the charter school for any damage caused by the violation.*

*Minnesota Statute 124E.14*

*(a) No member of the board of directors, employee, officer, or agent of a charter school shall participate in selecting, awarding, or administering a contract if a conflict of interest exists. A conflict exists when:*

- (1) the board member, employee, officer, or agent;*
- (2) the immediate family of the board member, employee, officer, or agent;*
- (3) the partner of the board member, employee, officer, or agent; or*
- (4) an organization that employs, or is about to employ any individual in clauses (1) to (3),*

*has a financial or other interest in the entity with which the charter school is contracting. A violation of this prohibition renders the contract void.*

*(b) The conflict of interest provisions under this section do not apply to compensation paid to a teacher employed as a teacher by the charter school or a teacher who provides instructional services to the charter school through a cooperative formed under chapter 308A when the teacher also serves on the charter school board of directors.*

*(c) A charter school board member, employee, or officer is a local official for purposes of section 471.895 with regard to receipt of gifts as defined under section 10A.071, subdivision 1, paragraph (b). A board member, employee, or officer must not receive compensation from a group health insurance provider.*

#### **IV. Federal Funds**

West Side Summit's conflict of interest policy conforms to all applicable federal statutes regarding conflict of interest and federal grant administration as shown below:

##### **A. Standards of Conduct and conflict of Interest**

In compliance with Code of Federal Regulations (CFR) at 2 CFR 200.318-326

- 1) WSS will maintain written standards of conduct and a board-adopted conflict of interest policy governing the actions of its employees, officers or agents engaged in the selection, award, and/or administration of federally financed contracts. The code of conflict will include at least:
  - a) a provision for disciplinary actions to be applied for violations of standards by officers, employees, or agents of the CSP grantee. Inclusion of such a provision in the board adopted conflict of interest policy will demonstrate compliance with this requirement.
  - b) Provisions which ensure:
    - i) No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. A conflict arises when any of the following has a financial or other interest in or a tangible personal benefit from a firm considered for a contract:
      - (1) An employee, officer or agent;
      - (2) Any member of that person's immediate family;
      - (3) That person's partner; and/or
    - ii) An organization which employs, or is about to employ, any of the above or has a financial interest in the firm selected for award.
- 2) The officers, employees, and agents procuring and/or administering federal funds:
  - a) may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts.

- i) Excepting when the gift is unsolicited and/or nominal. Nominal is approximately under \$35.00 in monetary value.
- ii) may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value.

B. Requirement of Disclosure of Conflict of Interest

In compliance of Code of Federal Regulations (CFR) at 2 CFR 200.112-113

Any officer, employee, and agent of West Side Summit who is involved in procuring and/or administering federal funds is required:

- 1. to disclose, in writing, any potential conflict of interest to MDE; and
- 2. to disclose, in a timely manner, in writing to the Minnesota Department of Education MDE, all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award.

C. Organizational Conflict of Interest

In compliance with Code of Federal Regulations (CFR) at 2 CFR 200.318(c) (2)

- 1. An Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, a federal grantee is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.
- 2. A West Side Summit officer, employee, or agent engaged in procuring or administering federal funds who has a parent, affiliate, or subsidiary organization (that is not a state, local government, or Indian tribe), involved with federal oversight or administration of the federal funds to West Side Summit, must maintain written standards of conduct.
- 3. Such a relationship represents an organizational conflict of interest and renders the school unable to accept federal funds.

D. Participation in a Project

In compliance with Code of Federal Regulations (CFR)

(a) A grantee may not permit a person to participate in an administrative decision regarding a project if:

- (1) The decision is likely to benefit that person or a member of his or her immediate family; and
- (2) The person:
  - (i) Is a public official; or
  - (ii) Has a family or business relationship with the grantee.

(b) A grantee may not permit any person participating in the project to use his or her position for a purpose that is – or gives the appearance of being – motivated by a desire for a private financial gain for that person or for others.

**V. Code of Standards for West Side Summit Officers, Employees and Agents**

*Complies with Federal Codes*

A. Standards

Any West Side Summit officer, employee and agent of federal grant funds will

1. disclose any and all conflicts of interest as described in the federal regulations
2. comply with all federal procurement regulations
3. comply with all federal regulations regarding expenses
4. provide required documentation regarding grant expenditures
5. have all expenditure categories and their amounts approved by the school board before expending any grant funds
6. required to report any suspected misconduct regarding federal grant expenditures to the Director and/or Board of Directors

B. Enforcement of Standards

1. West Side Summit officers, employees and agents of West Side Summit's federal grant funds who violate the above code of standards will be subject to disciplinary action up to and including dismissal from their position.
2. West Side Summit will discipline, and/ or prosecute to the full extent of the law, any employees who violate state or federal laws regarding federal grant administration.

**VI: Determination as to whether a conflict of interest exists**

The determination as to whether a conflict of interest exists is to be made by the school board. Any school board member who has an actual or potential conflict shall notify the school board of such conflict immediately. The school board member shall thereafter cooperate with the school board as necessary for the school board to make its determination.

**VII: Annual Statements**

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflicts of interest policy
- b. Has read and understands the policy
- c. Has agreed to comply with the policy
- d. Understands that West Side Summit is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax exempt purposes.

Legal References:

MN Statute 124E.07(b)

MN Statute 124E.14

Code of Federal Regulations (CFR) at 2 CFR 200.112-113

Code of Federal Regulations (CFR) at 2 CFR 200.318-326

For Reference

Former Federal Codes:

34 Code of Federal Regulations (CFR) Part 80.36(b): 3

34 CFR Part 75.525 (a) & (b) Participation in a Project

Former State Statutes:

MN Statutes 124D.10