

# LUTHER COLLEGE

## POLICIES AND PROCEDURES

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Department:	Financial Services
Subject:	Conflict of Interest
Date Issued:	May 16, 2006
Date Revised:	March 3, 2008, May 7, 2009, April 11, 2013
Approved By:	Audit Committee – May 7, 2009; Board of Regents – May 15, 2009 Institutional Planning & Board Affairs Committee – May 17, 2013 Board of Regents – May 17, 2013

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### I. Policy/Procedure

This policy sets forth the guidelines for disclosing a conflict of interest for officers, regents, members of regent subcommittees, and key employees at Luther College.

### II. Purpose

The purpose of this policy is to prevent the personal interest of officers, regents, regent subcommittee members, and key employees from interfering with the performance of their duties to the College or its affiliated entities, or result in personal financial, professional, or political gain on the part of such persons at the expense of the College, its affiliated entities, supporters, and/or other stakeholders.

### III. Scope

This policy applies to all officers, regents, regent subcommittee members, and key employees.

### IV. Terms and Definitions

- **Conflict of Interest** - (also Conflict) means a conflict, or the appearance of a conflict, between the private interests and official responsibilities of a person in a position of trust. For the purpose of this document, persons in a position of trust include officers, regents, regent subcommittee members, and key employees at Luther College.
- **Family member, family relationship** – unless specified otherwise, the family of an individual as defined by the IRS includes only his or her spouse, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren.
- **Business relationships** – Business relationships between two persons as defined by the IRS includes the following:
  1. One person is employed by the other in a sole proprietorship or by an organization with which the other is associated as a trustee, director, officer, key employee, or greater-than-35% owner.
  2. One person is transacting business with the other (other than in the ordinary course of either party's business on the same terms as are generally offered to the public), directly or indirectly, in one or more contracts of sale, lease, license, loan, performance of services, or other transaction involving transfers of cash or property valued in excess of \$10,000 in the aggregate during the organization's tax year. Indirect transactions are transactions with an organization with which the one person is associated as a trustee, director, officer, key employee, or greater-than-35% owner. Such transactions do not include charitable contributions to tax-exempt organizations.

3. The two persons are each a director, trustee, officer, or greater than 10% owner in the same business or investment entity (but not in the same tax-exempt organization). Ownership is measured by stock ownership (either voting power or value) of a corporation, profits or capital interest in a partnership or limited liability company, membership interest in a nonprofit organization, or beneficial interest in a trust. Ownership includes indirect ownership (e.g., ownership in an entity that has ownership in the entity in question); there may be ownership through multiple tiers of entities.

**Key Employee** – A key employee is any budget center director with responsibilities for a budget in excess of \$200,000. For purposes of this policy, a list of key employees by position/title will be compiled by the Office for Financial Services (Appendix A) prior to distribution of the annual Luther College Conflict of Interest Disclosure Statement to officers, regents, regent subcommittee members, and key employees.

## V. Procedures and Guidelines

- A. Full disclosure, by notice in writing, shall be made by the interested parties to the College in all conflicts of interest, including, but not limited to, the following:
  - A board member is related to another board member, staff, faculty or administrator by blood, marriage or domestic partnership.
  - A key employee in a leadership position and supervisory capacity is related to another staff member, faculty member or administrator whom she/he supervises.
  - A board member, a board member's spouse, domestic partner, blood relation, business partner, or the board member's organization stands to benefit from a College transaction, or a staff member of such organization receives payment from the College for any subcontract, goods or services other than as part of her/his regular job responsibilities or as reimbursement for reasonable expenses incurred as provided in the College policy.
  - A board member's organization receives funding from the College.
  - An officer, regent, regent subcommittee member, or key employee is a member of the governing body of a contributor to the College.
  - An officer, regent, regent subcommittee member, or key employee has a direct or indirect business relationship with the College.
- B. Following full disclosure of a possible conflict of interest, the Board of Regents shall determine whether a conflict of interest exists and shall take action deemed necessary to address the conflict and protect the College's best interests.
- C. A Regent who is formally considering employment with the College must take a temporary leave of absence until the position is filled. Such a leave will be taken within the board member's elected term, which will not be extended because of the leave. A board member who is formally considering employment with Luther College must submit a written request for a temporary leave of absence to the Board of Regents, indicating the time period of the leave. Such request will be brought before the Board for action. The request and any action taken shall be reflected in the official minutes of the Board of Regents meeting.
- D. An interested officer, regent, regent subcommittee member, or key employee in a leadership position shall not participate in any discussion or debate of the Board of Regents, or of any committee or subcommittee thereof, in which the subject of discussion is a contract, transaction, or situation in which there may be a perceived or actual conflict of interest. However, they may be present to provide clarifying information in such a discussion or debate unless objected to by any present board member.

- E. Any officer, regent, regent subcommittee member or key employee in a position to make decisions about spending the College's resources (i.e., transactions such as purchases contracts), and who also stands to benefit from that decision, has a duty to disclose that conflict as soon as it arises (or becomes apparent); she/he should not participate in any final decisions.
- F. A copy of this policy shall be given to all officers, regents, regent subcommittee members, and key employees in leadership positions upon commencement of such person's relationship with the College or at the official adoption of this policy. Failure to sign does not nullify the policy.
- G. Each officer, regent, regent subcommittee member, and key employee in a leadership position shall annually sign a statement (Appendix B) which affirms such person:
- has received a copy of this Luther College Policy
  - has read and understands the policy
  - has agreed to comply with the policy, and
  - understands that the College is a nonprofit organization and in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.
- H. The Office for Financial Services will update Appendix A – Key Employee List and Appendix B – Conflict of interest Disclosure Statement annually to reflect changes in college personnel and changes to IRS Form 990.
- I. The President's Office will distribute conflict of interest disclosure statements for the regents and regent subcommittee members. The Office for Financial Services will distribute conflict of interest disclosure statements for officers and key employees. The Office for Financial Services will retain all completed conflict of interest disclosure statements.
- J. With the exception of Appendix A and Appendix B, the Institutional Planning & Board Affairs Committee will review and approve all changes to the Conflict of Interest Policy at their annual February meeting.
- K. The Audit Committee will review a list of conflict of interest exceptions at their annual September meeting.

## **VI. Confidentiality and Record**

All records related to this policy will be maintained by the appropriate offices.

## Appendix A - Key Employee List

Assistant Dean and Dir of Center for Engagement and Support  
Assistant Director of Center for Academic Enrichment  
Assistant Director of Facilities Services  
Assistant Provost of Academic Operations  
Associate Professor of Nursing  
Chief Equity and Inclusion Officer and Assistant to the President for Community Engagement  
Controller  
Director Intercollegiate Athletics and Head Softball Coach  
Director of Book Shop  
Director of Campus Programming  
Director of Campus Safety and Security  
Director of Enterprise Applications  
Director of Facilities Services  
Director of Financial Aid  
Director of Human Resources  
Director of Music Marketing  
Director of Network and Systems  
Director of the Career Center  
Director of the Center for Global Learning  
Director of User Services  
Executive Assistant to the President  
Executive Director of Information Technology Services  
Executive Director of Strategic Marketing and Communications  
Interim Director of Engagement  
Interim Director of Student Activities  
Interim VP for Finance and Administration  
Library Director and Digital Initiatives Librarian  
Nena Amundson Executive Dir of Counseling and Wellness  
President  
Project Manager  
Provost  
Registrar  
Vice President for Communication  
Vice President for Development  
Vice President for Enrollment Management  
Vice President for Finance and Administration

# Luther College

## APPENDIX B - CONFLICT OF INTEREST DISCLOSURE STATEMENT

This form must be filed annually by all specified parties, as identified in Luther College's Disclosure Policy Statement.

NAME OF OFFICER, REGENT, COMMITTEE MEMBER OR KEY EMPLOYEE:

\_\_\_\_\_  
(Please Print)

CAPACITY: \_\_\_\_\_ Officer  
                  \_\_\_\_\_ Regent  
                  \_\_\_\_\_ Regent Subcommittee Member (committee) \_\_\_\_\_  
                  \_\_\_\_\_ Key Employee (position) \_\_\_\_\_

In the past fiscal year:

1. Were you a party to a business transaction with Luther College? (Form 990 - Part IV, Line 28a)

\_\_\_\_ Yes                      \_\_\_\_ No

If yes, please give the amount of the transaction(s), and a detailed description of the transaction(s):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. Did you have a family member who was party to a business transaction with Luther College? (Form 990 - Part IV, Line 28b)

\_\_\_\_ Yes                      \_\_\_\_ No

If yes, please give a detailed description of the relationship, the amount of the transaction(s), and a detailed description of the transaction(s):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. Were you or a family member a current or former officer, director, trustee, key employee, or direct or indirect owner of an entity that was party to a business transaction with Luther College? (Form 990 - Part IV, Line 28c)

\_\_\_\_ Yes                      \_\_\_\_ No

If yes, please give a detailed description of the position with the entity, the amount of the transaction(s), and a detailed description of the transaction(s):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. Did you have a family relationship or a business relationship with any other officer, regent, or employee (relationships defined in Terms and Definitions, Section IV)? (Form 990 - Part VI, Section A, Line 2)

Yes  No

If yes, please give name(s) and a detailed description of the relationship.

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5. If you are a voting member of the Board of Regents, did you receive any compensation as an officer or other employee of Luther College? (Form 990 - Part VI, Section A, Line 1b - Independence)

Yes  No  N/A

If yes, please give the amount(s) received, and a detailed description of the transaction(s).

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6. If you are a voting member of the Board of Regents, did you receive total compensation or other compensation as an independent contractor exceeding \$10,000? (This does not include reimbursement of expenses or reasonable compensation for services provided in the capacity of a member of the governing body of Luther College). (Form 990 - Part VI, Section A, Line 1b - Independence)

Yes  No  N/A

If yes, please give total amount of compensation and a detailed description of the transaction(s).

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7. If you are a voting member of the Board of Regents, were you or any family member involved in a transaction with Luther College—whether directly or indirectly—through affiliation with another organization? (Form 990 - Part VI, Section A, Line 1b - Independence)

Yes  No  N/A

If yes, please give a detailed description of the transaction.

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8. If you are a Luther College employee in a leadership position and supervisory capacity, are you related to another staff member, faculty member, or administrator that you supervise? (Luther Policy)

Yes  No  N/A

If yes, please give the name(s) of the employee(s) and a detailed description of the relationship.

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9. Are you a member of the governing body of an organization or entity that contributes to Luther College? (Luther Policy)

\_\_\_ Yes                      \_\_\_ No

If yes, please give the name of the contributing organization or entity and a detailed description of your relationship to this contributor.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

10. Do you have a family member that is receiving tuition benefits as a result of your association with Luther College? (Form 990 – Part VII, Section A – Part IX, Line 5 – Schedule J, Part II – Schedule L, Part III)

\_\_\_ Yes                      \_\_\_ No

If yes, please give the name of the individual(s) and approximate value of the tuition benefits for each name listed (please note that the individual(s) name will be kept confidential and will not be disclosed on any information return).

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

11. Please disclose any other information that may constitute a conflict of interest.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The undersigned, by their affixed signature, note that he or she has received, read and understands the Luther College Conflict of Interest Policy, and has fully completed the Conflict of Interest Disclosure Statement.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date