

STATEMENT OF PURPOSE

All employees of, consultants to, and members of the Board of Trustees of Lake Superior State University serve to protect the public interest and shall conduct all affairs of the University in a manner consistent with this fiduciary responsibility. Administrative and policy decisions are to be made solely to promote and protect the best interests of the University and the public good, rather than to serve or further any personal gain or interest. This policy is designed to foster ethical standards of conduct by insuring that actual, or the appearance of, conflict of interest situations are avoided. Nothing in this policy shall be considered to conflict with applicable State laws governing the conduct of public officials and public employees.

DEFINITIONS

Employee: As used hereafter, the term "employee" means an individual holding a regular, full-time or part-time position, regardless of classification or rank, or a consultant to the University, its administration or the Board of Trustees.

Financial Interest: The term "financial interest" means any material interest, direct or indirect, in the financial success or failure of an organization, corporation, or company with whom the University conducts business, regardless of how such interest was acquired. A "financial interest" includes owning stocks or bonds, being a partner, employee, or creditor, or any other arrangement that results in an interest in, or claim upon, the assets or income of the corporation, company or organization. Immaterial interests are excluded, that is, interests of such a general or insignificant nature that the University's transactions with the organization or company will not result in direct benefit to the individual. A "financial interest" includes any interest of the employee, Trustee, or an employee's or Trustee's spouse; and any interest of those who are related to any of the foregoing as parents, children, or siblings.

Gift: A "gift" means anything of value. Exclusions are listed below. A "gift" may be in the form of money, goods, entertainment, services, price concessions not available to all employees or to the public, use of property or facilities, loans except loans based upon regular terms from a lending institution, or in any other form. Specifically excluded from the term "gift" are advertising items or promotional materials of token value, or food and beverages consumed at a business meeting.

POLICY

University employees and members of the Board of Trustees ordinarily should not have a personal financial interest in any financial transactions with the University. Recognizing that financial interests may be, on occasion, unavoidable, there should be immediate and full disclosure of any such actual or potential conflict of interest, in advance of final University action, and special approval of the transaction is required as set forth herein to insure that the University's welfare is of paramount consideration in any such circumstances. The specific terms of this policy are to be interpreted under the broad objectives set forth above in the statement of purpose.

1. No employee or Trustee shall recommend or determine to enter into any purchase on behalf of the University when such a purchase involves an organization in which the employee or Trustee, or in which a member of the immediate family of the employee or Trustee, has a financial interest without the prior approval of the President of the University or the Board of Trustees.
2. The University may enter into purchases from organizations in which an employee or Trustee or a member of either's immediate family has a financial interest, provided that the employee or Trustee has no involvement in the decision making process leading to the purchase and provided that the employee is not a member of the University department seeking to make the purchase. It shall be the responsibility of the University's Purchasing Department, as specified below, to insure that these provisions are met.
3. Immediate family members shall be defined as the spouse, daughter, son, mother, father, sister, or brother of the employee or Trustee or of their spouse; or son-in-law, daughter-in-law, aunt, uncle, niece, nephew, step-parent, step-child.
4. Acceptance by an employee or a Trustee of a gift from an individual or organization that engages in financial or commercial transactions with the University is prohibited. If a gift is received, it must be returned, unless a

statement is filed with the University President, or a Trustee, describing the gift and justifying its retention in terms of preserving the University's interests.

5. An employee or Trustee must inform the University of any outside interest, consulting service, or other relationship that might interfere with his/her University duties and responsibilities, or raise a question of conflict of interest. In cases in which an employee's outside relationship substantially interferes with the employee's ability to carry out his/her job responsibilities and/or act in the University's best interests, the employee must either terminate the outside relationship, or terminate his/her employment with the University.
6. A Trustee must abstain from voting on any matter when to do so would place, or appear to place, the Trustee in a conflict of interest situation. The minutes of Board meetings shall record all such abstentions.

EXCEPTIONS TO THIS POLICY

No employee or Trustee of the University shall have the authority to authorize, approve, ratify, or confirm any transaction which is an exception to this policy, except as provided below.

The President of the University, or his/her designee, may approve exceptions to this policy which involve University employees if it is in the University's interest. Any such exception shall be made in writing. Exceptions involving the President, or a Trustee, must be approved by the Board of Trustees. Any approved exceptions to this policy must be made in writing and filed in the office of the Board Secretary and the reasons must be stated. Approval of an exception shall be based upon a finding that the transaction is fair, reasonable, and in the best interests of the University.

ACTIONS TAKEN IN THE EVENT OF APPARENT POLICY VIOLATION

In the event of an apparent violation of this policy by a University employee or member of the Board, the University shall appoint a Review Committee to further investigate the issues in a timely manner. The Review Committee will consist of the Director of Purchasing, Vice President of Finance, and one additional member appointed by the Human Resources Director for the specific case. (In the event a Review Committee member shall personally be involved in the case s/he may not participate in the review process. A replacement will be appointed by the Human Resources Director in consultation with the University's President.) The committee shall review all evidence related to the case and the person charged with the alleged violation will have the right to appear in person before the committee and/or to submit written materials. The committee will issue a report of its findings and recommendations in a timely manner. The report will be shared with the person whose behavior is at issue and this individual will have the opportunity to reply to the findings. The report and any response(s) to it shall be forwarded to the individual's supervisor for review and, if appropriate, disciplinary action. Disciplinary action up to and including termination can result if this policy is determined to have been violated. University procedures, including bargaining unit provisions, will be followed concerning any disciplinary procedures.

ROLE OF THE UNIVERSITY'S PURCHASING DEPARTMENT

The Purchasing Department is authorized to delay the processing of any requisition that appears to be in violation of this policy, in order for the University to investigate the circumstances surrounding the proposed transaction. If, following the investigation, the transaction appears to be a violation, the matter will be referred to the President, or to the Finance Committee of the Board of Trustees if it involves the President. Any purchase order or contract issued by the University is subject to cancellation if any University employee or Trustee involved in the matter has a relationship or history of activity with the vendor that is in violation of this policy. All purchase orders and contracts shall contain a clause to this effect.

POLICY DISSEMINATION

The University will communicate this policy to all Trustees and University employees upon its adoption. The policy shall be published in the University's Procedures Manual. Each member of the President's Cabinet, each member of the Board of Trustees, and all other senior-level budget managers as determined by the CFO, annually shall declare and sign, on a form provided by the President's office, any actual or potential conflicts of interest. Revised forms will need to be submitted in the event there are any changes in actual or potential conflicts of interest.