Section: Policy Statement - Administrative

Subject: Conflict of Interest Policy

Purpose: Members of the governing board have a duty of care to act in good faith toward the best interests of the organization and a duty of loyalty to protect the organization from harm. Council members must therefore refrain from action that use the board member's position and influence for personal gain at the expense of the organization.


Council Adoption Date: February 5, 2001

I. Background

In accordance with California Education Code, Sections 89906, 89907, 89908 and 89909, all Executive Officers and Representatives shall submit a certification of “Conflict of Interest” statement and return it to the Associated Students Executive Director.

II. Policy

Board members shall abide by Conflict of Interest regulations as outlined in the California Education Code, applicable Section of which are set forth below.

89906. FINANCIAL INTEREST PROHIBITED. 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.

89907. EXCEPTION. 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.

89908. CERTAIN PROVISIONS NOT APPLICABLE. 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.

89909. UNLAWFUL TO UTILIZE NONPUBLIC INFORMATION FOR PERSONAL
PECUNIARY GAIN. 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.

III. Acknowledgement

Board members shall sign an acknowledgement on an annual basis attesting that
they are not involved in any transaction or relationship that involves a prohibited
financial interest as describes in, and not exempted from, Education Code 89906.

IV. Potential Conflict

Board members shall consult with general counsel regarding any existing or
proposed transaction that may constitute a conflict that would violate 89906 and, in
the case of a proposed transaction, whether to present the proposed transition to the
governing board for possible approval in accordance with 89907, if available, or
whether the proposed transaction should be pursued.

V. Disclosure Procedure

If a Conflict of Interest is deemed to exist, it shall be reported to the Board of
Finance. The Board of Finance shall recommend to the governing board a proposed
course of action. The governing board shall discuss the matter in open session at a
regular meeting, allowing any director with a Conflict of Interest to provide an

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explanation. The Board shall then by majority vote (not including the vote of any director with a Conflict of Interest) take action regarding the matter. Such action may include, but is not limited to, validation of the transaction pursuant to 89907, if available, validation of the transaction with condition, censure or removal of the director, rescission of the transaction, or any other action deemed appropriate by the governing board.

VI. Officers and Key Employees

Officers and key employees shall be held to the same Conflict of Interest Standards as board members and shall sign an acknowledgement on an annual basis attesting that they are not involved in any transaction or relationship described in California Education Code Sections 89906-89909.

VII. Family and Business Relationships.

Any family and business relationships between officers, directors, and key employees, and certain businesses they own or control shall be reported as necessary on the IRS 990 annual filing.

IX. Procedure to Submit Statement

Each member shall sign a statement at the time he/she assumes their official duties and annually thereafter annually sign a statement, which affirms that such member:
   1. Has received a copy of the Policy
   2. Has read and understands the Policy
   3. Has agreed to comply with the Policy

Statements shall be retained in the Associated Students Administrative Office.

X. Conflict of Interest Statement

I hereby certify that I have received a copy of the Conflict of Interest Policy for Executive Officers and Representatives. I have read, understand and agree to comply with the Policy.

Signature ___________________________ Date ___________________________

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