CONFLICT OF INTEREST:
BOARD OF TRUSTEES, EXECUTIVE OFFICIALS,
AND SENIOR ADMINISTRATIVE OFFICERS

Statement of Policy  Board of Trustees Members, Executive Officials, Senior Administrative
Officers, and members of the Board of Trustees Audit Committee (Covered Individuals) shall, at
all times, act in a manner consistent with their fiduciary responsibilities to the University and shall
exercise particular care that no detriment to the University results from conflicts between their
interests and those of the University. Should any such conflict exist, Covered Individuals shall
disclose those conflicts and work with the University to manage them. Conflicts may arise in
situations such as outside commitments, giving or receiving gifts, participating in the contracting
process, participating in the purchasing process, or others. While many types of conflicts are
covered by the Conflict of Interest Policy for Employees, which also applies to Covered
Individuals, the state imposes additional limitations on Members of the Board and the President,
specifically with regard to conflicts of interest in contracting. The University is extending these
limitations to Executive Officials, Senior Administrative Officers, and members of the Audit
Committee.

Summary of Contents/Major Changes: Revised to supplement Conflict of Interest Policy for
Employees; updated legal references; put in new template.

Responsible Office and Responsible Enforcement Official:
Chair of the Audit Committee, Secretary to the Board of Trustees

Classification:

X  Board of Trustees Policy

□  Board-delegated Policy

Categories:

History:

a. Effective date of current version: September 11, 2019
b. Date first adopted: September 17, 1993

c. Revision history: Revised December 1, 2000

d. Proposed date of next review: September 11, 2022
1. Purpose of Policy

Western Michigan University’s (WMU) Board of Trustees (Board), Audit Committee (Committee) Members, Executive Officials, and Senior Administrative Officers (collectively, “Covered Individuals”) serve the public trust, and are required to fulfill their responsibilities with care and loyalty. All decisions and actions of the Covered Individuals should be made for the sole purpose of advancing the best interests of the institution and the public good. WMU’s integrity must be protected at all times, and the fiduciary relationship of the Covered Individuals must be respected in both actuality and appearance.

In addition to being subject to the Standards of Conduct for Public Officers and Employees, Act 196 of the Michigan Public Acts of 1973, as amended, MCL 15.341, et seq., members of the Board of Trustees and the University President are subject to the Conflict of Interest requirements set out in Public Act 318 of 1968, as amended, which apply specifically to conflicts of interest in contracting. MCL 15.301, et seq. This Policy establishes and clarifies the boundaries of and mechanisms for the Covered Individuals to comply with those laws. The University is extending these limitations to Executive Officials, Senior Administrative Officers, and members of the Audit Committee. This Policy is to be interpreted and applied in a manner that will best serve the interests of the University.

2. Stakeholders Most Impacted by the Policy

Board of Trustees Members, Executive Officials, Senior Administrative Officers, Audit Committee members

3. Key Definitions

3.1. **Associate**: any person, trust, organization or enterprise of, in or with which the individual or any member of his/her family (i) is a director, officer, employee, member, partner or trustee; (ii) has financial interest that represents 5% percent or more of his/her assets or any interest that enables him/her acting alone or in conjunction with others, to exercise control or to influence policy significantly; or (iii) has any other material association

3.2. **Audit Committee**: a committee formed to assist the WMU Board of Trustees in fulfilling its oversight responsibilities relating to: (1) the integrity of the University’s financial statements and internal control system; (2) the external auditor’s qualifications and independence; (3) the performance of the University’s external auditors; (4) communication with and oversight of the University’s internal auditors; (5) matters involving compliance with Board policies, including conflict of interest; and (6) other matters designated by the Chair of the Board, the President, Treasurer, or Assistant Treasurer

3.3. **Designated University Official**: for purposes of this Policy, the Designated University Official is the Secretary of the Board of Trustees
3.4. **Executive Official/Senior Administrative Officer**: the Provost, vice presidents, the Secretary of the Board, and other officials as determined by the President

3.5. **Family**: in addition to the definition of family in the Conflict of Interest for Employees policy, the term “family” in this Policy includes other relatives and other individuals who live in the same household and share expenses

3.6. **Fiduciary**: someone who is required to act for the benefit of another person on all matters within the scope of their relationship; one who owes to another the duties of good faith, loyalty, due care, and disclosure.¹

3.7. **Substantial Conflict of Interest**: an actual personal interest in a contract that is of such substance to induce action on their part to promote the contract for their own personal benefit.

4. **Full Policy Details**

4.1. Unless otherwise noted, this Policy adopts and incorporates the University’s Employee Conflict of Interest, Anti-Nepotism, and Gifts Policy.

4.2. **Additional Requirements for Covered Individuals**

   4.2.1. A Covered Individual is considered to have a Substantial Conflict of Interest when the Individual or any of their family or associates either (i) has an existing or potential financial or other interest that impairs or is perceived to impair the Individual’s independence of judgment in the discharge of responsibilities to the University or (ii) may receive a material financial or other benefit from knowledge of information confidential to the University.

   4.2.2. Covered Individuals may not have a direct or indirect interest in any contract, excluding their employment contract if applicable, with Western Michigan University, the state, or any political subdivision of the state that causes a Substantial Conflict of Interest.

   4.2.3. If a Covered Individual has a Substantial Conflict of Interest, they may be prohibited from participating in that contract in any capacity.

4.3. **Disclosing and Managing the Conflict**

   4.3.1. A Covered Individual must disclose any potential, actual, or perceived Conflict of Interest in writing to the Designated University Official, who will forward it to the Board’s Audit Committee. Review after disclosure must take place promptly.

   4.3.2. Unless otherwise stated in this Policy, disclosures will meet the requirements set forth in the Conflict of Interest for Employees Policy (Policy No. 09-08).

¹ **BLACK’S LAW DICTIONARY** 743 (10th ed. 2014).
4.3.3. If the Conflict involves the Designated University Official, the Official or the President shall report such Conflict directly to the Audit Committee.

4.3.4. The Designated University Official shall consult with the President and General Counsel regarding all conflict questions of which the Secretary is informed unless the conflict involves the President or the General Counsel. In such case, the Designated University Official will report directly to the Board or the Audit Committee. The Designated University Official shall also report regularly to the Board of Trustees regarding any unresolved conflict questions.

4.3.5. If the Audit Committee finds that there is a Conflict of Interest, and that the Conflict cannot be managed by the steps identified above, the Committee must consult with the Secretary, the Office of the General Counsel, and other sources as they see fit, to determine whether the interests of the University in having the Official continue in their current capacity outweigh any potential, perceived, or actual conflict. Such determination shall be made in writing and kept in the Office of the General Counsel. A copy shall also be provided to Procurement if such conflict relates to a specific purchase.

4.4. Exceptions

See exceptions set forth in the Conflict of Interest for Employees Policy.

4.5. Implementation/Communication

The Board’s Audit Committee should draft and post procedures for identifying, addressing and mitigating conflicts.

The Designated University Official shall develop and post procedures for regular disclosure of potential Conflicts of Interest.

5. Accountability

Covered Individuals shall have annual reporting requirements to ensure compliance with the University’s Conflict of Interest policies.

Additional consequences for non-compliance include possible individual disciplinary procedures for failure to follow applicable University policies and requirements.

6. Related Procedures and Guidelines

[Links will be added when procedures and guidelines are finalized]

7. Additional Information

N/A
8. FAQs

8.1. Q: If a conflict arises between reporting dates, when do I disclose it?
   A: You should disclose the conflict as soon as it arises.

8.2. Q: This Policy references Substantial Conflicts of Interest and Conflicts of Interest. Are they treated differently?
   A: You must disclose all Conflicts of Interest, as defined in the Employee Conflict of Interest Policy. However, Substantial Conflicts of Interest will automatically disqualify you from participating in the contract.

Related Policies:

Employee Conflict of Interest, Anti-nepotism, and Gifts Policy

Audit Committee Charter [need link]

References:

Michigan Constitution, Art. 4, § 10

Conflict of Interest, Act 318 of 1968, MCL 15.301, et seq.


Western Michigan University, Board of Trustees, Bylaws (2002)

Certified by: Responsible Enforcement Official
   At the Direction of: Board of Trustees

/s/ Director, Internal Audit
   [Date]

/s/ Secretary of the Board of Trustees
   [Date]