

## **Section 3**

# **Code of Ethics, Conflict of Interest, and Related Obligations**

## CODE OF ETHICS

Each person under the jurisdiction of the Board

1. Shall serve the public with respect, concern, courtesy, and responsiveness;
2. Shall demonstrate the highest standards of personal integrity, truthfulness, and honesty and shall, through personal conduct, inspire public confidence and trust in the System;
3. Shall recognize that personal gains from public service are limited to respect, recognition, salary, and normal employee benefits;
4. Shall not use public service to bestow any preferential benefit on anyone related to the public official by family, business or social relationship;
5. Shall not disclose or use or allow others to disclose or use confidential information acquired by virtue of their position or employment, whether for private gain or otherwise;
6. Shall not accept any fee, compensation, gift, payment of expense, or any other thing of monetary value, under circumstances in which the acceptance may result in:
  - (a) An undertaking to give preferential treatment to any person;
  - (b) Any loss of complete independence or impartiality or the making of a governmental decision outside official channels;
7. In the case of an employee, shall not engage in outside employment unless the outside employment is disclosed to the President of the Institution or the employee's immediate supervisor and the outside employment does not interfere with the performance of System or Institutional duties;
8. Shall not knowingly engage in any activity or business which creates a conflict of interest or has an adverse affect on the confidence of the public in the integrity of government;
9. Shall not use or permit the use of state time, property, equipment or supplies for private gain;
10. Shall comply with all applicable laws and regulations of the State of Colorado and all policies and regulations of the Board and its Institutions;
11. Shall carry out all duties as a public servant by exposing corruption in government wherever discovered; and
12. Shall support equal access and educational and employment opportunities for all persons and comply with the Board's policy on Equal Opportunity (Section 9) and

shall not unlawfully discriminate against any person on the basis of his or her race, age, color, religion, national origin, sexual orientation, veteran status, or disability or handicap; and

13. Shall comply at all times with the standards of conduct set forth in Colorado Revised Statute § 24-18-101, et seq., C.R.S. (1999).

This code includes, but is broader than, provisions of Executive Order by the Governor dated January 15, 1999. (See Appendix C)

## **CONFLICT OF INTEREST POLICY**

- A. Sources of Obligations to Avoid Conflicts of Interest (See Appendix D)
- B. Board Policy Regarding Conflicts of Interest.
  1. Definition of Terms for Board Policy.

When used in the Policy, the following terms, unless otherwise specified, mean:

- a. "Board Designated Officers" means the Chair, Vice Chair, Secretary, Treasurer and any assistant as designated by the Board.
- b. "System" means the Colorado State University System comprised of institutions of higher education in the State of Colorado under the governance and supervision of the Board of Governors of the Colorado State University System.
- c. "System Officers" means the Chancellor, Vice Chancellor for Administrative Affairs, Vice Chancellor for Academic Affairs, Vice Chancellor for Strategic Planning, the Secretary and Treasurer of the Board (and any deputies or assistants for such offices, the Institutional Presidents, and persons with similar titles or responsibilities.)
- d. "Academic/Administrative Staff" means professional and administrative personnel, other than academic faculty with administrative duties, subject to types of appointments that are primarily associated with higher education institutions or their administrations. Persons whose duties include both academic and administrative responsibilities shall be considered "Academic/Administrative Staff" to the extent of their administrative appointment.
- e. "Faculty" means all persons whose duties are primarily academic in nature, including teaching, research or public service. Persons whose duties include both academic and administrative responsibilities, shall be considered "Faculty" hereunder to the extent of their academic appointment.

- f. "Contracting Personnel" means any individual (including State classified personnel) who engages in policy or rule-making, negotiating, reviewing, approving and/or signing contracts for the purchase of goods or services on behalf of the Board or Institution.
- g. "Immediate Family" means spouse and dependents for tax purposes.
- h. "Affiliation" means that a person covered by the conflict of interest policy is deemed to be affiliated with a nongovernmental organization if he/she or a member of his/her immediate family: (1) is an officer, director, trustee, partner, agent, or employee of such non-governmental organization; (2) is either the actual or beneficial owner of more than 5% of the stock or controlling interest of such non-governmental organization; or (3) has any other direct or indirect dealings with such non-governmental organizations from which he/she knowingly is materially benefited. For purposes of this subparagraph, it shall be presumed that a person is "materially benefited" if he/she receives, directly or indirectly, cash or other property (exclusive of dividends and interest) in excess of \$10,000.00 in any year in the aggregate in connection with such affiliation.

2. Declaration of Board Policy.

The Board hereby finds and declares that public employment and appointment is a public trust, and any effort to realize personal gain through official conduct other than as compensation set through established processes, disclosure of confidential information, or the advancement of interests that compete, are adverse to, or appear to be in conflict with the interests of the Board and System, is a violation of that trust.

All decisions of the Board, the Board Designated Officers, the System Officers and the Institutions must be made solely on the basis of a desire to promote the best interests of the System and its Institutions.

3. Definition of Conflict of Interest.

A conflict of interest exists when a Board member or employee has or represents interests that may compete with or be adverse to those of the Board and the System. A conflict of interest exists not only when there is any benefit, direct or indirect, received by an individual or those with whom such person has an "Affiliation" in connection with the official actions of the Board and System, but also when the Board or System interests are, or could be, adversely affected by a conflict of interest or perception or appearance of a conflict. Although members of the Board may have allegiances to and associations with a particular System Institution and/or community, as well as other outside interests, their paramount fiduciary obligation is to serve the best interests of the Board and the System.

4. Disclosure of Conflict of Interest - Board.

- a. By April 30 of each year, the following individuals shall file a disclosure statement (See Appendix E) with the Secretary of the Board indicating all their Affiliations that reasonably could give rise to an actual or apparent conflict of interest.
  - (i) Board members;
  - (ii) Board Designated Officers;
  - (iii) System Officers;
  - (iv) Vice Presidents and Chief Purchasing Officers, or equivalent, of the Institution; and
  - (v) Such other Academic/Administrative Staff and Faculty as the Secretary and/or Institution President shall designate who, because of their respective duties and responsibilities, should provide a continuing and/or annual disclosure of such outside relationships and/or business Affiliations to the Board.

Members of the Board shall immediately notify the Secretary of any material change in the information submitted in their annual disclosure statement.

- b. In the event that the Board, Board Designated Officers, or System Officers shall be called upon to consider a transaction involving the Board or Institution and a possible conflict of interest exists for an individual to whom this policy applies, such individual, before being involved in any vote or discussion of such transaction should:
  - (i) fully disclose the nature of his or her interest or involvement in such transaction, to the Board; and
  - (ii) refrain from participation in the Board's consideration of the proposed transaction if it is determined by the disinterested members of the Board, with advice of counsel if necessary, that a conflict of interest exists.

Nothing hereunder shall be deemed to prohibit members of the Board from engaging in business transactions with an Institution so long as the required disclosures are made and such member refrains from participating in the consideration of any decision regarding any such transaction. Such disclosure and abstention shall be noted by the member in open session of any meeting of the Board and duly reflected in the minutes of the Board.

- c. The General Counsel recommends that individuals, including members of the Board and employees of the System and its Institutions, follow the voluntary procedures set forth in § 24-18-110, C.R.S. (1999) for making prior

disclosure to the Secretary of State of actions proposed by them that may result in conflicts of interest. Such disclosures must include the amount of the person's financial interest, if any, the purpose and duration of services to be rendered, if any, the compensation to be received for such services, and any other information necessary to describe the interest. This statute requires that those making such disclosures must also summarize "for the record" the nature of the interest involved at the time of taking any such action. Although these procedures are voluntary, the statute provides that persons having a conflicting interest that follows them shall have an affirmative defense to any civil or criminal action of other sanction that might otherwise apply.

C. Requirements for Institutional Policies - Conflict of Interest

The Board also recognizes that situations with higher or lower potential for conflict of interest, depending on the circumstances, exist at the Institutional level for Academic/Administrative Staff, Faculty, and classified personnel in many assignments. Accordingly, the Board further adopts the following policy guidelines for conflict of interest policies within the institutions it governs:

1. Each Institution must maintain a conflict of interest policy, complete with enforcement procedures, that includes: (a) a policy statement with a definition of real and potential conflicts of interest, declaring that an individual should avoid participating in any action in which he or she has a conflict of interest or which may conflict with his or her primary responsibilities to the Institution; (b) descriptive examples of real and potential conflicts of interest; (c) requirement and procedure for written disclosure of Affiliations (as defined above in this policy statement) or commitments that reasonably could give rise to or appearance of a conflict of interest; (d) a procedure for review and approval of actions that may involve a conflict of interest statement or possible disciplinary action and procedures in cases of non-compliance with the policy; and (e) the identification of those officers assigned the responsibility to monitor compliance with the policy and determine whether a potential conflict of interest is in the best interests of the Institutions.
2. Disclosures of actual or potential conflicts of interest, as required in the Institutional policies called for above, shall occur when a person is initially appointed by the Institution. Such disclosure will be updated, when circumstances dictate, by revising the disclosure statement. Annual discussion of the disclosure responsibility in the context of performance evaluation will be a stated requirement. Individuals holding appointments in the following personnel categories are covered by the disclosure requirement:
  - a. Academic/Administrative Staff;
  - b. Faculty; and
  - c. Contracting Personnel.

3. All decisions required under the Institutional conflict of interest policies must be in writing and directed to the Institutional Presidents or the designated administrator(s) having the assigned responsibility to administer the particular conflict of interest policy and procedures.
4. All violations, disputes, and other issues arising under the Institutional conflict of interest policies must be referred to the appropriate Institutional President for final resolution or otherwise addressed by appropriate policy/procedure approved by such President.

E. Required Disclosure Statement

A Disclosure Statement furnished by the Board will be used by all individuals directed to file a disclosure statement with the Secretary as provided in 4.a above.

Individuals who are not directed to file a disclosure with the Secretary will use reporting formats specified by Institutional policies.

## **POLICY REGARDING CONFIDENTIALITY**

### **Duty to Avoid Disclosure of Confidential Information**

Each Board member owes a duty of confidentiality to the Board. In particular, any matter discussed in executive session is privileged. Only the Board, by affirmative action, may waive the privilege. Board members must also maintain confidences pursuant to § 24-72-201, et seq., C.R.S. (1999).

### **OPEN MEETINGS LAW**

See Appendix F

### **OPEN RECORDS LAW**

See Appendix G