

BEREA COLLEGE

Employee Conflict of Interest Policy

[Approved by the Board of Trustees, February 28, 2004]

Berea College requires that any employee who has, or whose relative has, a *substantial interest* in any contract, sale, lease, purchase, the provision of services or any other transaction by or with the College shall disclose said interest to the Audit Committee of the Board of Trustees. If such an interest exists, the employee shall refrain from participating in the decision, contract, sale, or purchase in any manner.

I. WHAT IS THE PURPOSE AND GENERAL THRUST OF THE CONFLICT OF INTEREST POLICY?

The purpose of the College's Employee Conflict of Interest Policy (the "Policy") is to remove or control the possibility of personal influence that might bear upon an individual's decision in his or her capacity as an employee of Berea College.

II. WHO ARE EMPLOYEES AND RELATIVES?

Employees are all persons who are employed by Berea College on a full-time, part-time, or contract basis (including student employees). Relatives of employees are defined to include spouse, children, grandchildren, parents, grandparents, brothers, sisters (including half-brothers and half-sisters), brothers and sisters-in-law, parents-in-law, children-in-law of the employee, a person living in a committed relationship with the employee, or any other person living in the same household as the employee. If any substantial interest is present in a relative, that interest will be considered to be that of the employee. (For example, an employee does not have a conflict of interest if a brother or sister is being considered for employment at Berea College.)

III. WHAT IS A SUBSTANTIAL INTEREST?

A *substantial interest* is any interest, which cannot be defined as a remote interest and which confers a financial or proprietary interest, either direct or indirect. A *remote interest* means:

1. That of a non-salaried officer of a nonprofit corporation.
2. That of a landlord or tenant of the contracting party.
3. That of an attorney of a contracting party.
4. That of a member of a nonprofit cooperative marketing association.
5. Ownership of less than five percent (5%) of the shares or equity of a corporation or other for profit business entity, provided the total annual income from dividends or other distributions, including dividends payable in stock, received from that corporation or business entity does not exceed five percent (5%) of the total annual income of the employee and further providing that any other payments from that corporation or business entity do not exceed five (5%) percent of the total annual income of the employee.

6. That of an employee in being reimbursed for expenses incurred in performance of official duty.

IV. WHAT ARE THE AFFIRMATIVE RESPONSIBILITIES OF EMPLOYEES?

Any employee of the College who has or whose relative has a substantial interest in a contract, sale, purchase or other transaction by or with the College shall make known that interest on the appropriate disclosure form provided by the College. The employee shall thereafter refrain from voting or participating in any manner the College's decision to enter into such contract, sale, purchase or transaction. The Office of the Purchasing Manager shall forward the completed disclosure form to the Administrative Committee for determination of a conflict of interest. All instances reported will be forwarded on the Audit Committee of the Board of Trustees for review. It will be the responsibility of each employee to keep the disclosure current. Disclosure forms may be obtained from and shall be filed with the Office of the Purchasing Manager.

V. MAY AN EMPLOYEE SUPPLY EQUIPMENT, MATERIAL, SUPPLIES, OR SERVICES TO THE COLLEGE WHO HAS OR WHOSE RELATIVE HAS A SUBSTANTIAL INTEREST?

Yes. An employee who has or whose relative has a substantial interest may supply equipment, material, supplies, or services to the College, provided that the following occur:

- (1) the interest is previously disclosed to and approved by the Audit Committee of the Board of Trustees;
- (2) the contract is with the employee and the contract is awarded after review and approval by the appropriate Vice President or the Administrative Committee of the College; and
- (3) the employee refrains from voting or participating in any manner in the College's decision to enter into the contract, sale, purchase, or other transaction involving the interest.

(For example, employees that provide consulting or other products and services must declare a conflict of interest and refrain from participating in the selection process of the vendor.)

VI. WHAT ARE THE COLLEGE'S REMEDIES IN EVENT OF VIOLATION?

Any contract or transaction entered into in violation of the Policy is voidable or subject to cancellation at the sole option of the College acting through the Audit Committee and/or duly appointed officer(s) of the College. In addition, the College shall have all of the remedies available to it at law and in equity, including referral of such matters to the civil authorities for investigation and/or prosecution as appropriate.

VII. WHAT ARE THE PENALTIES IN EVENT OF VIOLATION?

Without limitation, an employee found to be in violation of the Policy is subject to institutional disciplinary action by the appropriate vice president or the dean of the faculty, in consultation with the Administrative Committee of the College, up to and including termination from his or her employment.