CONFLICT OF INTEREST POLICY
FOR
TRUSTEES AND INSTITUTIONAL OFFICERS
OF
NORTHERN ILLINOIS UNIVERSITY

The Board of Trustees intends this Policy Statement to carry out provisions of the Bylaws of the Board of Trustees of Northern Illinois University, Article VIII, “Conflicts of Interests.” This Policy Statement supplements and is to be applied in conformity with applicable state law and judicial decisions interpreting such laws.

1. Scope. The following statement of policy applies to each Member (“Trustee”) of the Board of Trustees and to all officers of Northern Illinois University. These officers will include the University President, Vice Presidents and attorneys in the Division of University Legal Services as well as individuals who are members of the President’s Cabinet. The Board of Trustees further intends for the policy statement to serve as guidance for all persons employed by the institution in positions of significant responsibility for purchasing, contracting, fiscal matters and/or resolution of administrative claims or disputes.

The primary obligation of all employees, including staff who are officers of the Board, is to Northern Illinois University. Nevertheless the Board encourages employee service, with or without remuneration, to the education community at large such as service to accreditation agencies or membership and involvement in activities of professional or educational organizations. Further, it is acknowledged that University employees will have the opportunity to serve with a variety of other boards and agencies, both public and private. In all such service the employee must be mindful of actual or potential conflicts of interest and shall conduct himself or herself according to this Policy Statement, University regulations and applicable law.

2. Fiduciary Responsibilities. Members of the Board, officers and employees of the University serve the public trust and have a clear obligation to fulfill their responsibilities consistently with this fact and applicable laws. All decisions of the Board and officers of the administration and faculty are to be made solely from a desire to promote the best interests of the institution and the public good. The University’s integrity must be protected and advanced at all times. No Trustee, officer or employee shall participate in a decision or action involving any asset or benefit for his or her own interest except insofar as the benefit is de minimis or incidental to the person’s membership in a large class such as that of University faculty or staff.

Men and women of substance inevitably are involved in the affairs of other institutions and organizations. An effective board, administration, and faculty cannot consist of individuals entirely free from at least perceived conflicts of interest. Although most such potential conflicts are and will be deemed to be inconsequential, everyone has the responsibility to ensure that they make the Board or the University Ethics Officer aware of situations that involve personal, familial, or business relationships that have an actual conflict of interest or perceived appearance of impropriety.

A Trustee or officer should be sensitive to any interest he or she may have in a decision to be made by the President or Board of Trustees and, as far as possible, recognize such interest prior to the discussion or presentation of such a matter to the President or the Board. When a Trustee or officer has a direct or indirect interest in a transaction being considered by the President or Board, the Trustee or officer shall disclose the conflict before the President or Board of Trustees takes action on the matter. Upon disclosure by the Trustee or officer, the President or Board shall provide a disinterested review of the matter.

No Trustee or officer shall knowingly participate in the breach of fiduciary responsibility by another Trustee or officer, participate in concealing such breach, or knowingly or negligently permit such breach to occur.
3. Definitions. For purposes of this Policy Statement, the following words and phrases shall have the following meanings.

**Business Relationship:** One in which a Trustee, officer, or a Member of his or her family as defined below serves as an officer, director, employee, partner, trustee, or controlling stockholder of an organization that does substantial business with the University, or has a fiduciary relationship to any entity.

**Confidential Information:** Information a Trustee or officer has obtained or may obtain by virtue of his or her status as a Trustee or officer and which is not available to the public.

**Family Member:** A spouse, parent, sibling, child, mother-in-law, father-in-law, or grandparent residing in the same household as the Trustee or officer.

**Financial Interest:** An interest in a business as an owner, partner, shareholder, investor, trustee, beneficiary, lender, officer, director, member, employee or consultant.

**Official Act:** An official decision, resolution, determination, recommendation, approval, disapproval or other action that involves the use of discretionary authority.

**Substantial Benefit or Business Dealings:** When a Trustee or officer or a member of the Trustee’s or officer’s family (1) is the actual or beneficial owner of 7½ percent or more of the voting stock or controlling interest of an organization that does substantial business with the University or (2) has other direct or indirect dealings with such an organization from which the Trustee or officer or a member of the Trustee’s or officer’s family benefits directly, indirectly, or potentially from non-employment-related cash or property receipts totaling $10,000 or more annually.

4. Disclosures. Conflicts of interest involving a Trustee or University officer are not inherently illegal nor are they to be regarded as a reflection on the integrity of the Board or individual Trustees or officers. It is the manner in which the Trustee or officer and the Board deal with a disclosed conflict that determines the propriety of the transaction.

Where disclosures reveal actual or potential conflicts of interest, the University Ethics Officer will examine them. Appropriate actions will be taken based on the results of this examination.

A. **Annual Disclosures.** The Board requires each Trustee and institutional officer annually (1) to review this Policy statement; (2) to reveal any possible personal, familial, or business relationships that reasonably could produce a direct or indirect conflict involving the University; and (3) to acknowledge by his or her signature that he or she is in conformance with the letter and spirit of this policy. Statements of Economic Interest required to be filed with the Secretary of State pursuant to the Illinois Governmental Ethics Act shall also be filed with the Northern Illinois University Ethics Officer.

In the event a Trustee or officer is uncertain as to the appropriateness of listing a particular relationship, the Chair of the Board of Trustees and/or the President should be consulted. They may elect to consult with the University Ethics Officer and/or Members of the Executive Committee of the Board. Such information, including information provided on this form, will be held in confidence unless, after consultation with the Trustee or officer, the institution’s best interests would be served by disclosure.

B. **Updated Disclosures.** Each Trustee or officer required to file by this Policy Statement shall update his or her Disclosure Form within forty-five (45) days of the date that:

(i) He or she or any family member acquires a financial interest in any business engaging or, to the Trustee’s or officer’s knowledge, proposing to engage in a transaction with the Board or the University;
(ii) He or she learns that a family member of such Trustee or officer has a financial interest in a business which, to the Trustee’s or officer’s knowledge, is engaging or proposing to engage in a transaction with the Board or the University; or

(iii) He or she learns that a business in which such Trustee or officer (or family member) has a financial interest, is engaging or to the Trustee’s or officer’s knowledge, proposing to engage in a transaction with the Board or the University.

Failure to timely file State-required Statements of Economic Interest and the Board of Trustees Disclosure Form, and any required updated disclosures, the willful making of a false, misleading or incomplete statement and the failure to cooperate with the Board or its designee in inquiries shall be violations of this Policy Statement, and shall be grounds for sanctions or disciplinary action.

5. Restraint on Participation. Trustees or officers who have declared or been found to have a conflict of interest will refrain from participating in consideration of proposed transactions, unless for special reasons the Board or administration requests information or interpretation from him or her. Persons with conflicts will not vote, nor participate in discussions, or be present at the time of vote.

6. Gifts. No Trustee or officer may, directly or indirectly, solicit or accept any money or other thing of value (A) that is conditioned upon or given in exchange for performing or promising to perform an official act, or (B) which may influence the manner in which he or she performs an official act.

Any proposed or accepted gift or honorarium from any entity or person, doing or seeking to do business with the Board or any element of the University, received by a Trustee or officer, shall be reported in writing to the Board of Trustees or University Ethics Officer by the next regularly scheduled Board meeting. Under many circumstances, the Gift Ban provisions of the State Officials and Employees Ethics Act, 5 ILCS 430/10-10 et seq., may prohibit the acceptance of any gift from a person or entity who does business or seeks to do business with the University where the gift of such privileges, services or other intangible or tangible items are attributable to one’s government employment or official position. The University Ethics Officer will provide the compliance guidance to Members of the Board of Trustees and University officers as mandated by the State Officials and Employees Ethics Act.

7. Conflict of Interest Transactions

A. Prohibited Transactions.

(i) Official Act. No Trustee or officer shall take an official act that may directly or indirectly benefit his or her or a family member’s financial position.

(ii) Confidential Information. No Trustee or officer shall utilize confidential information to benefit his or her or a family member’s financial position.

(iii) Transactions. No business in which a Trustee or officer (or family member thereof) has a financial interest shall engage in a transaction with the Board or University unless (a) the Trustee or officer has disclosed his or her or family member’s financial interest in the business to the Board of Trustees or designee in the manner provided in Section 4 above prior to engaging in the transaction, and (b) the transaction is approved by a majority of all Trustees having no financial interest in the transaction, or the President.

B. Other Employment. Trustees and officers shall not engage in or accept employment or render services for other persons when that employment or service is incompatible with or affects the discharge of their official duties or when that employment may tend to impair their independence of judgment or action in the performance of their official duties.
C. **Exceptions.** Nothing in this Conflict of Interest Policy shall be deemed or construed to limit the right of any:

(i) Trustee or officer to have a financial interest in any financial institution in which Board or University funds are or are to be deposited or which is or is to be acting as trustee or agent under any financial transaction to which the Board is a party; or

(ii) Appointed officer or employee of the Board or University to hold an appointment or contract of employment with the Board or University.

8. **Travel and Related Expenses.** The policy of the Board is that the reasonable expenses of travel and lodging for its Trustees and officers traveling on official business on behalf of the Board or University shall be paid by the Board unless provided by an educational agency, organization or professional association in connection with their service or participation as a consultant, reviewer, presenter or similar role; however, if, in the opinion of the Chair of the Board and the University President, the interests of the Board or University are well served by accepting travel and related expenses from another source to attend any conference, convention, seminar, or other business meeting, the Board may specially authorize the acceptance of the expenses by any Trustee or officer. The Board Policy Statement Relating to Expenses of Members of the Board of Trustees are adopted by separate action.

9. **Political Activities.** A Trustee or officer shall not, through his or her position with the Board or University, (A) coerce, command, advise or solicit anyone to pay, lend or contribute money or other thing of value to any partisan party, committee, organization, agency or person for political purposes; (B) use Board or University funds, resources or time for any political candidate or partisan purpose other than educational.

10. **Sanctions and Penalties.** Violation of any part of this Policy statement may subject the violator to disciplinary action, and to such other penalties as may be provided by law.

11. **Standard for Interpretation.** This Policy Statement shall be liberally construed to protect the public interest consistent with applicable laws and judicial decisions relating to conflicts of interest. Wherever appropriate, the University Ethics Officer is designated to review conflicts of interest concerns and report findings to the Board Chair and the President.

**APPROVED** by action of the Board of Trustees, January 3, 1996.