



# Conflict of Interest

Effective June 21, 2006

Individuals covered under the policy: HCC Foundation Board of Directors, President, Directors, Staff Member, Officers, Key Employees, Managers, and Other Volunteers.

## Introduction

1. The participation of HCC Foundation Board of Directors and Staff Members in external activities that enhance their professional skills or constitute public service can be beneficial to the HCC Foundation. External activities provide an opportunity to discover and pass on new knowledge, with the formation of alliances that enhance the Foundation's missions.
2. External activities can lead to conflicts of interest with regard to a Board of Director's or Staff Member's responsibilities. As such, this policy is intended to provide a framework for recognizing and managing HCC Foundation Board of Director or Staff Member conflicts of interest, and whenever possible, to prevent even the appearance of conflicts of interest. While the primary goal of this policy is to prevent a Board of Director's or Staff Member's external activities from adversely influencing HCC Foundation operations, this policy is also intended to protect Board of Directors and Staff Members from undue suspicion that their external activities may improperly influence HCC Foundation operations.
3. Responsible Persons have the responsibility of administrating the affairs of the HCC Foundation honestly and prudently, and of exercising their best skill, care and judgment for the sole benefit of the HCC Foundation. Those persons will exercise the utmost good faith in all transactions involved in their duties, and they will not use their positions with the HCC Foundation or knowledge gained there from for their personal benefit. The interests of the HCC Foundation must be the first priority in all decisions and actions.

## A. Statement of General Policy

1. It is the policy of the HCC Foundation that its Board of Directors and Staff Members conduct the affairs of the HCC Foundation in accordance with the highest legal, ethical and moral standards. The policy is intended to protect the HCC Foundation's best interests when it is contemplating entering into a transaction that could confer excess benefits on an interested person.
2. It is the policy of the HCC Foundation that conflicts of interest should be avoided where possible, or otherwise disclosed and managed.

3. It is the policy of the HCC Foundation that its Board of Directors and Staff Members shall not use their HCC Foundation position to secure personal financial benefits for themselves or any member of their immediate family. A conflict of interest arises whenever the Board of Director or Staff Member has the opportunity to influence HCC Foundation operations or business decisions in ways that could result in a personal financial benefit to the Board of Director, Staff Member or a member of their immediate family. Although certain definitions of conflicts of interest are provided in this policy, they are meant only as examples, and the Board of Directors and Staff Members are expected to use good judgment to identify possible conflicts of interest and to manage such so as not to adversely influence the HCC Foundation operations.
4. Nothing in this policy shall be construed to permit, even with disclosure, any activity that is prohibited by law.

## **B. Definitions**

1. **Conflict of Interest** – A Conflict of Interest occurs when a HCC Foundation Board of Director, Staff Member (Responsible Person/Interested Person) or immediate family member receives personal financial benefit from the HCC Foundation Board of Director's or Staff Member's position in a manner which may inappropriately influence the Board of Director's or Staff Member's judgment or compromise their ability to carry out the HCC Foundation's responsibilities or could be a detriment to the HCC Foundation's integrity.
2. **External Activity** – External Activity means involvement with any person, trust, organization, enterprise, government agency, or other entity that is not an entity associated with or under the control of the HCC Foundation.
3. **Responsible Persons/Interested Person** – directors, trustees, officers, all employees and others who can influence the actions of the HCC Foundation.
4. **Immediate Family** – Includes the Board of Director's or Staff Member's spouse, domestic partner, ancestors, siblings (whether of the whole or half blood), children (natural or adopted), grandchildren, great grandchildren, and spouses of siblings, children, grandchildren and great grandchildren.
5. **Manage and Managing** - Means an affirmative action by the Board of Directors and staff managers to monitor and direct an employee with regards to specific expectations.
6. **Personal Financial Benefit** – Is defined as anything of monetary value, including salary, commissions, fees, honoraria, equity interests, interests in real or personal property, dividends, royalty, rent, capital gains, intellectual property rights, and forgiveness of debt. "Personal financial benefit" does not include:

- a. compensation received from HCC Foundation;
  - b. payments from not-for-profit entities for participation in seminars, lectures or other educational activities;
  - c. payments from government or not-for-profit entities for participation on advisory committees or review panels;
  - d. any financial interest arising solely by means of investment in a mutual, pension, or other institutional investment fund over the management and investments of which the Board of Director, Staff Member or an associated immediate family member does not exercise control.
7. **HCC Foundation** – Represents the Houston Community College Foundation.
8. **HCC Foundation Responsibilities** – They are defined as the responsibilities of a Board of Director or Staff Member to perform HCC Foundation activities as defined by the HCC Foundation management member.

### **C. Policy Provisions**

1. A HCC Foundation Board of Director or Staff Member shall disclose to the President any situation in which the employee has a real or potential conflict of interest. The President shall determine an appropriate way to manage the conflict of interest and ensure that the HCC Foundation business is not improperly influenced or adversely affected. In the event that the President concludes that there is no reasonable way to manage a conflict of interest, then the Board of Director or Staff Member may be prohibited from participating in related HCC Foundation affairs. In other words, the Board of Directors and Staff Members have a responsibility to immediately disclose any real or potential conflicts of interest, and the President have a duty to manage the conflicts in the best interests of the HCC Foundation. A conflict of interest is not a question involving a person's competing or respective duties to the HCC Foundation and another charity, such as by serving on the boards of two charities that does not involve a financial interest of, or benefit to, such a person.
  - a. A HCC Board of Director or Staff Member shall disclose conflicts of interest in writing on the HCC Foundation's Conflicts of Interest Disclosure Form, including a brief statement of the nature and extent of the conflict, which shall be submitted for review by the President. This disclosure should be completed at least annually, on a form designated by the HCC Foundation for such purposes. A new disclosure form should also be completed whenever there is a significant change.
  - b. If the President becomes aware of a conflict of interest that a Board of Director or Staff Member has not disclosed, the President shall discuss the situation with the Board of Director or Staff Member and require a written disclosure be made

as provided in this policy, and manage the conflict. The President may also take appropriate action under Section F of this policy.

c. The President shall carefully evaluate all circumstances relating to a potential conflict of interest before acting to approve or disapprove the associated activities:

2. The following are examples of conflicts of interest requiring Board of Directors and Staff Member disclosure. These examples are not meant to be exclusive.

a. HCC Foundation Board of Director, Staff Member or immediate family member owns, in whole or in part, a business entity with which the HCC Foundation does or proposes to do business, and the Board of Director or Staff Member is in a decision-making role or otherwise is in a position to influence the HCC Foundation's business decisions regarding the business entity. Business entity examples for which a Board of Director or Staff Member disclosure is required:

- i) Finance or accounting services
- ii) Athletic equipment services
- iii) Consulting
- iv) Counseling
- v) Catering
- vi) PC or other hardware services
- vii) Programming
- viii) Architectural services
- ix) Legal services
- x) Grant preparation
- xi) Temporary personnel services
- xii) Office or lab supplies
- xiii) Painting services
- xiv) Lawn and grounds services

b. Board of Director or Staff Member holds or assumes an executive, officer or director position in a for-profit or not-for-profit business or entity engaged in commercial, educational, or research activities similar to those in which the HCC Foundation engages.

c. Board of Director or Staff Member participates in consultation activities for a for-profit or not-for-profit business or entity engaged in commercial, educational or research activities similar to those of the HCC Foundation.

3. The activities listed below are prohibited:

a. Using HCC Foundation property, facilities, equipment or other resources in any manner that results in personal financial benefit to a Board of Director, Staff Member or an immediate family member.

b. Using HCC Foundation property, facilities, equipment or other resources in any manner to support a not-for-profit entity unless special permission is provided by the associated President.

c. Using HCC Foundation stationery or letterhead in connection with outside activities, other than activities having a legitimate relationship to the performance of the HCC Foundation business.

d. Using HCC Foundation facilities or the Board of Director or Staff Member position at the HCC Foundation for the purpose of advocating, endorsing, or marketing the sale of any goods or services, other than as part of the Board of Director's or Staff Member's HCC Foundation responsibilities, without the prior approval of the associated President.

e. Using the HCC Foundation's name, trademark or trade name for personal business or economic gain to the Board of Director, Staff Member or immediate family member.

f. Using any HCC Foundation data or information for personal financial benefit to the Board of Director or Staff Member or an immediate family member.

g. Using any HCC Foundation Board of Director or Staff Member for any outside activity during normal work time for which he or she is receiving compensation from the HCC Foundation (not applicable when Staff Members are on a paid or unpaid leave).

h. Soliciting or accepting gifts, gratuities, receiving personal financial benefit, free travel or any other item of value from any person or entity as a direct or indirect inducement to provide special treatment with respect to matters pertaining to the charity without fully disclosing such an exchange to the President.

i. Participating in the selection or awarding of a contract between the HCC Foundation and any entity with which a Board of Director or Staff Member is seeking employment or has been offered employment.

j. Other activities may be prohibited if the President concludes that there is no reasonable way to manage an associated conflict of interest.

#### **D. HCC Foundation Staff Member Responsibilities**

1. HCC Foundation Staff Member shall not engage in the prohibited activities listed above or in any other activity that the employee's President has prohibited following review of an employee's conflict of interest disclosure.
2. HCC Foundation shall disclose a conflict of interest as described below:
  - a. As soon as the HCC Staff Member knows of the conflict, and then annually thereafter for as long as the conflict continues to exist
  - b. In writing on the HCC Foundation's Conflict of Interest Disclosure Form
  - c. To the President
3. HCC Foundation Staff Member shall avoid any involvement with all related HCC Foundation activities and decisions until the President has evaluated and approved the reported conflict of interest.
4. If there is any question whatsoever about an external activity representing a conflict of interest, then the HCC Foundation Staff Member should consult with the President for directions.

#### **E. President Responsibilities**

1. The President shall ensure that all HCC Foundation Board of Directors and Staff Members are informed of this policy.
2. The President shall ensure that all HCC Foundation Board of Directors and Staff Members are reminded of this policy on a periodic basis, but no less frequently than every two years.
3. The President shall evaluate and manage reported conflicts of interest.
4. In the event that a reported conflict of interest is approved, the President shall ensure there is an appropriate management strategy in place to monitor and manage the situation so that the HCC Foundation resources are used in an appropriate manner and that there is no improper influence on HCC Foundation decisions.
5. The President shall ensure that Conflict of Interest Disclosure forms are retained for future reference. All information disclosed regarding conflicts of interest shall

be considered part of the Board of Director's file or employee's personnel file and shall be deemed confidential.

6. The President shall establish and maintain a work environment that encourages the Board of Directors and Staff Members to ask questions about real or potential conflicts of interest including periodic updates to the disclosure form involving the Board Operations/Nominating Committee. These actions will be documented in the meeting minutes.
7. If the President has any question whatsoever about an external activity representing a conflict of interest, then he or she should consult with the Board Executive Committee.

#### **F. Sanctions for Violation**

1. Violations of HCC Foundation policies, including the failure to avoid a prohibited activity or disclose a conflict of interest in a timely manner, will be dealt with in accordance with applicable HCC Foundation policies and procedures for HCC Foundation Board of Directors and Staff Members, which may include disciplinary actions such as loss of voting rights or termination from HCC Foundation Board Membership/employment.
2. The President's decisions regarding a reported conflict of interest may be appealed to the Board Executive Committee.
3. Refer to the personnel policies for the HCC Foundation employee group.