



Policy Type: Governance
Policy Title: Ethics, Professional Conduct, Conflict of Interest
Policy Number: 1.13
Office Responsible: Board and Board Chair
Related Policies: 1.3 and 1.5
Related Procedures: N/A
Related Laws: Michigan Community College Act
HLC Criterion: 2A

Policy Statement

The Board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Trustees. All decisions and actions of the Board are to be made for the purpose of advancing the best interest of the College. Furthermore, Trustees are fiduciaries of the College and, as such, owe a duty of loyalty to the College and community.

Accordingly, Trustees at all times shall:

1. Govern with responsibility for the public trust, the citizens of the Oakland Community College District, the future of the College and the benefit of current and future students.
2. Act in a personal and professional manner that protects the reputation and integrity of the College and avoid the appearance of impropriety.
3. Act in ways that protect the College’s financial, personnel, and tangible assets.
4. Act in good faith, reasonably, competently, and prudently.
5. Avoid conflicts of interest.
6. Act in a manner that is consistent with the purpose of the College.
7. Act in a manner that supports the Board’s policy governance commitment.
8. Act in a manner that supports the successful performance of all Board and Trustee responsibilities identified in other Board policies.

To facilitate a climate that supports these activities, the following defines a set of professional and ethical values, establishes a code of conduct and defines conflict of interest.

Professional & Ethical Values

The Board recognizes that it has a responsibility to act in an ethical and legal manner. From the Board’s perspective, acting ethically means observing standards of right and wrong, good and bad. Further, ethics address what all Trustees ought to do to fulfill their moral obligations as fiduciaries for the Community. Acting in a legal manner means complying with the laws and regulations that apply to the College and elected officials. As such, ethics refers to moral responsibilities and goes beyond legal considerations. Acting ethically and legally involves more than understanding what the right thing to do is; it means that one must perform in ethical and legal ways.

To those ends, the Board recognizes the values of trustworthiness, respect, responsibility, fairness, caring and citizenship as central to their role as community representatives and adopts these values as an ethical framework to conduct business.

In terms of trustworthiness, the Board wants to be viewed by the community as trustworthy (i.e. people believe in what we do). Components of being trustworthy require individual Trustees to act with honesty, integrity, reliability, and loyalty. Being honest means acting with sincerity, truthfulness, straightforwardness, and the avoidance of deception. Furthermore, Trustees shall avoid violating confidentiality, being uncivil, or making promises that they might not be able to keep.

Integrity refers to “wholeness.” A Trustee who has integrity is consistent in decision-making and behavior, and bases his or her behavior on a core set of ethics or values. Reliability means Trustees honor their commitments. Ethical Trustees spend the appropriate time each week needed to perform the job well. Loyalty means protecting and promoting the interests of the community. A Trustee’s primary loyalty is to the College and the public good.

In terms of respect Trustees should exhibit civility, courtesy, decency, autonomy and tolerance. Civility and courtesy are particularly important when engaging in discussions with others with whom there is disagreement. Autonomy means that others are empowered to make decisions for themselves. Tolerance means understanding others might hold differing perspectives on College matters.

In terms of responsibility, the Board must make decisions and choices and be accountable for those. Responsible Trustees do not shift the blame to others. Responsible Trustees do the best they can by being diligent, careful, prepared and informed. In addition, perseverance is critical in that Trustees must follow through and finish tasks that they promised to do. Responsibility also involves self-restraint, prudence and recognizing the importance of setting a good example. Responsible Trustees exercise appropriate restraint in their public communications because people look to them as representatives of the College.

The components of fairness are equality, impartiality, openness and the use of due process. Exhibiting fairness involves using open and impartial processes for gathering and evaluating information so that even those who disagree with a decision can understand how it was made. It means seeking equity and avoiding favoritism or prejudice.

In terms of caring, the Board is genuinely concerned about the welfare of others. Trustees, as public officials, care about the common good and welfare of the community. Public education is a benevolent act and expresses care for the public well-being. Trustees are often asked to care about many different people—community members, students, faculty, and others. Benevolence as a Trustee involves seeking the well-being of the entire community. Challenges arise when decisions must be made for the benefit of the public welfare that may not meet the needs of specific groups. Caring Trustees understand those challenges and realize their role requires focusing on the public good. Because Trustees care about the broader community, they care about being ethical, about being respectful, responsible, and trustworthy.

Citizenship involves how Trustees behave as part of a community. Ethical citizens obey laws, contribute to the community through service and leadership, and protect the environment. Citizenship is concerned with the future health and welfare of society. Trusteeship is an expression of civic leadership, and the ethics of trusteeship reflect good citizenship practices.

Code of Conduct

The Board commits itself and its members to ethical and professional conduct. In conjunction with the Board's defined responsibilities in Policy 1.3, Trustee defined responsibilities in Policy 1.5, and other policies as appropriate, the following guidelines for conduct shall be observed:

1. Trustees shall maintain unconflicted loyalty to the interests of the citizens of the College service area. This accountability supersedes any conflicting loyalty that a Trustee might have as an advocate or supporter of specific interest groups, or a member of other boards, or as an employee of other organizations. This accountability supersedes the personal interest of any Trustee acting as an individual consumer of College services.
2. Trustees shall avoid situations that violate the conflict of interest portion of this policy.
3. Trustees shall not use their positions to obtain employment by the College, or for the furnishing of services or goods to the College for themselves, their family members, friends or associates.
4. Trustees shall refrain from publicly criticizing the CEO, any College employee, or other Trustees.
5. Trustees shall communicate, both verbally and in writing, in a professional and respectful manner.
6. Trustees shall not attempt to exercise individual authority over the organization except as explicitly set forth in Board policies.
7. Trustees shall not permit themselves to be used to circumvent established lines of authority or interfere in the normal procedures for the processing of complaints or grievances within the College.
8. Trustees shall not violate confidentiality, including discussions which occur at legally held, closed meetings of the Board. Additionally, Trustees shall respect confidentiality as appropriate to issues of a sensitive nature or those protected by law.
9. Trustees shall comply with all applicable laws.

Conflict of Interest

The Board recognizes that effective College governance is promoted by attracting Trustees who give of their valuable time and effort for the benefit of the College. The Board functions best when Trustees are drawn from varied backgrounds and are active professional and community members. The Board respects the right of Trustees to engage in outside business, financial, service, and other activities. This presents the opportunity for occasional conflicts between a Trustee's personal interest and the interest of the Board and the College.

Generally, a conflict of interest is any personal, professional, political, or material financial interest that is (or is reasonably likely to appear) materially adverse to the interests of the College and/or compromises the Trustee's independent judgment. A conflict of interest may also exist in those instances where the actions of a Trustee involve a personal gain or advantage for the Trustee or immediate family member, friends or business partners.

Conflicts of interest can arise from one's employment or from one's business and personal relationships, as well as from other causes. The Board believes that mutual interests or possible conflicts of interest may not necessarily prevent the Trustee from performing their duties if appropriate disclosures are made and adequate precautions are taken. Accordingly, Trustees must at all times avoid any conduct that would constitute a conflict of interest between their own interests and the interests of the institution, including avoiding any conduct that would create a material risk of compromising the

integrity or damaging the reputation of the College. Moreover, Trustees should avoid situations in which external associations and interests could compromise or reasonably appear to compromise the College's business decisions. Accordingly, each Trustee shall act in a manner consistent with his or her responsibilities to the College, and make full disclosure of any relationship, position, or interest that is in conflict with his or her duties as a Trustee and College fiduciary.

It is not the intent of this policy to prevent the College from contracting with corporations or businesses because a Trustee or an immediate family member is an employee of the outside entity. The policy is designed to prevent placing Trustees in a position where their interest in the College and in their places of employment (or other indirect interests) might conflict and to avoid appearances of conflict of interest also.

Guidelines for Addressing Conflicts of Interest

The Board shall use the following guidelines and process to address a Trustee's actual or perceived conflict of interest.

A. Definitions – As used in this policy, the following terms shall have the following meanings:

1. Conflict of Interest

- a. A conflict of interest is a situation in which:
 - i. A Trustee has a personal, professional, political, or material financial interest that is (or is reasonably likely to appear) materially adverse to the interests of the College or one that compromises the Trustee's independent judgment. An interest is considered "materially adverse" if it can be reasonably expected to impair the individual's ability to consider, recommend or carry out an appropriate course of action as a result of the individual's other interests or responsibilities.
 - ii. A Trustee's actions result or reasonably appear to result in a personal gain or advantage to the Trustee or an immediate family member. In this policy, the terms "gain," "advantage," and "benefit" include direct and indirect methods.
 - iii. A Trustee or any member of the Trustee's immediate family has a material financial interest as owner, investor, officer, director, trustee, partner, employee, contractor, consultant, or recipient of a gift with any entity (person, firm, corporation, or organization) that supplies or receives funds, goods, services, or required approvals to or from the College, or proposes to do so in the foreseeable future.
 - iv. A Trustee has a continuing relationship with another College or with any other entity engaged in the delivery of postsecondary educational services such that the relationship may influence the exercise of the Trustee's professional judgment on behalf of the College.
 - v. A Trustee or any member of the Trustee's immediate family stands to benefit professionally or in a material financial way as the result of Board action on any matter.
- b. The following is an illustrative yet non-exhaustive list of potential conflicts of interest:
 - i. Soliciting, either directly or indirectly, any contract or service between the College and any third party of which a Trustee, or members of his or her immediate family, are owners, partners, members, employees or have any substantial interest, financial or otherwise;
 - ii. Holding, either directly or indirectly, a material financial interest in an outside entity that competes with services offered by the College;
 - iii. Holding, either directly or indirectly, a material financial interest in an outside entity that provides goods or services to the College;

- iv. Engaging in any activity which interferes, either directly or indirectly, with the performance of the Trustee's responsibilities;
- v. Practicing any direct or indirect activity that constitutes nepotism. As defined herein, "nepotism" includes but is not limited to recommending, offering, or entering into any contract with an immediate family member or any other action which could materially (or otherwise directly or indirectly) benefit an immediate family member;
- vi. Using the College's resources for personal benefit, for the benefit of an immediate family member, friend, or for the benefit of an outside entity (e.g. using the institution's space, equipment, or the services of College employees, without the written approval of the Chancellor);
- vii. Disclosing, either directly or indirectly, confidential or proprietary College information for personal gain, gain for an immediate family member, or gain for a third party;
- viii. Performing College services (e.g. teaching, counseling, administrating) as an employee or independent contractor;
- ix. Soliciting or accepting a gift, monetary loan, good, service, or any item of value, which tends to influence the manner in which the Trustee performs his or her official duties;
- x. Extending a gratuity or special favor to a Trustee or employee of the College under circumstances which might reasonably be interpreted by a disinterested person as an attempt to influence the individual in the performance of his or her duties.

2. Immediate Family Member

A Trustee's immediate family includes the Trustee's spouse or domestic partner, the Trustee's child, adopted child, stepchild, foster child, step-relation, in-law, brother, sister, parent, grandparent, grandchild or the respective spouse of any of the foregoing; the Trustee's aunt, uncle, niece, nephew, or first cousin; and any other person residing within the Trustee's household.

3. Material Financial Interest

A financial interest is presumed to be a material financial interest if it entails:

- a. Ownership or investment interest (including stock, options, a partnership interest or any other ownership or investment interest) valued at more than \$10,000, except equity in a publicly traded company amounting to less than a five (5) percent ownership interest in the company;
- b. Receipt of non-dividend compensation (including salary, consulting or professional fees, royalty payments, or other remuneration) of more than \$10,000 in any twelve (12) month period, or the expectation of such compensation in the future;
- c. Real property, personal property, intellectual property, or any other interest valued at \$10,000 or more; or
- d. A position of real or apparent authority in an outside entity, such as director, officer, Trustee or partner. A Trustee is not deemed to have a material financial interest in a publicly-traded entity solely by reason of an investment in that entity by another publicly-traded entity, such as through a mutual fund, in which the Trustee lacks control of investment decisions.

4. Gift

A gift is any item, whether money, goods or services, of greater than nominal value received directly or indirectly by a Trustee from any entity who supplies or receives funds, goods, services, or required approvals to or from the College, or proposes to do so in the foreseeable future. A gift can include the positive difference, if any, when the amount paid by a Trustee for

an item is subtracted from the item's fair market value. A gift can take the form of a loan on less than arm's length terms. Ordinarily, a gift valued at \$100 or less shall be considered a gift of nominal value.

B. *Trustee Obligations*

1. Disclosure of Conflicts of Interest – A Trustee who has a known material financial interest in, or other potential conflict of interest relating to a pending or proposed matter before the Board shall promptly disclose to the Board, in writing, the existence of the interest and other material information that the Trustee may have regarding the transaction or arrangement.
2. Participation in Decision-Making – A Trustee shall promptly recuse himself or herself from any participation, direct or indirect, with respect to any matter as to which he or she has a conflict of interest. A Trustee recused from participation in a matter is precluded from participating in debate or discussion as to that matter as well from decision-making with respect to it. Additionally, a Trustee shall not participate in a matter while a determination of a conflict is under review as noted in the process below.
3. Annual Disclosure Form – Each Trustee shall annually sign and submit to the Board Secretary a statement disclosing all known material financial interest. Trustees are required to sign and submit an updated form when circumstances change.
4. Gift Disclosure – Any Trustee who receives a gift greater than nominal value, shall submit a Gift Disclosure Form to the Board Secretary prior to next regularly scheduled Board meeting.
5. Gifts – Trustees shall not encourage or accept gifts, favors, or gratuities for themselves or for immediate family members from any individual or entity that, to the Trustee's knowledge, has or seeks to have a business relationship with the College.
6. Appropriation of College Opportunities – Trustees shall inform the Board of business opportunities that may be of interest to the College instead of taking the opportunity to further their personal business interests.
7. Confidentiality – Trustees may not use confidential information acquired because of service to the College for any purpose unrelated to College business, or provide such information to any third party, without the consent of the Board. Wrongful use of College information includes, but is not limited to, use or disclosure of information to engage, invest, or otherwise participate in any business, project, venture, or transaction other than for the benefit of the College.

C. *Process for Resolving Conflicts of Interest*

1. The Chair of the Board's Audit Committee shall review annual disclosure statements and any other disclosed or reported conflict to determine whether a material financial interest has been disclosed. If a material financial interest has been disclosed or if the Chair of the Audit Committee has reason to believe that a conflict of interest might exist, the Chair of the Audit Committee shall promptly obtain from the relevant Trustee any additional information that the Audit Committee Chair believes may be informative.
2. The Audit Committee Chair shall review the matter and determine whether there is a conflict of interest. If the Audit Committee Chair determines that a conflict of interest exists, they shall so advise the relevant Trustee. If the Audit Committee Chair or the interested Trustee believes that further assistance is needed, the matter may be referred to the Board Chair.
3. If the Audit Committee Chair or the Board Chair is the interested Trustee, then, unless he or she elects recusal, the matter shall be referred to the Board. In addition, if the Audit Committee Chair and the Board Chair are immediate family members, as defined above, then the matter shall be referred to the Board Vice Chair.

4. If a conflict of interest determination is referred to the Board Chair, it shall be the obligation of the Board Chair to determine whether a conflict of interest exists. If the matter cannot be resolved between the Board Chair and the interested Trustee, the Board Chair shall refer the matter to the entire Board.
5. If a conflict of interest determination is referred to the Board, and the interested Trustee does not voluntarily elect recusal, the Board shall decide whether a conflict of interest exists. The Board may question the interested Trustee, who shall have an opportunity to address the Board as to whether there is a conflict.
6. In all instances in which either the Audit Committee Chair, the Board Chair, or the Board is called upon to determine whether a conflict of interest exists, the presumption shall be that there is a conflict of interest and the presumption shall not be rebutted unless there is clear and convincing evidence that such a conflict does not exist.
7. If it is determined that a conflict of interest exists, then the interested Trustee shall not participate in Board discussion of the matter, shall not speak to individual Trustees about the matter before or during the meeting, and shall not cast a vote on the matter; the minutes of the Board meeting shall include notation that the interested Trustee did not participate in discussion and did not vote on that matter because of a disclosed conflict of interest.
8. Whenever the Board holds a meeting at which a Trustee's interest in a matter is disclosed, a determination regarding the existence of a conflict of interest is made, or a matter in which a Trustee has a conflict of interest is considered, the Board's consideration of these issues shall be reflected in the minutes of the meeting.
9. No transaction or action undertaken by the College shall be void or voidable, or open to challenge as such by an outside party, by reason of having been undertaken in violation of this Policy or the principles set forth herein.

Policy Violations

Failure to comply with any provision of this policy may result in corrective action as deemed appropriate by the Board Chair or the Board.

Change Log

Date of Change	Description of Change	Responsible Party
3/24/83	Initial Approval	
9/19/94	Revised	
2/16/09	Revised	
6/2/11	Revised	
4/17/18	Revised; referenced in former Policies 1.6.2 and 1.6.10	Board