

CALIFORNIA STATE UNIVERSITY, NORTHRIDGE

CONFLICT OF INTEREST POLICY FOR AUXILIARY ORGANIZATIONS

POLICY:

As a condition of receiving recognition as an official auxiliary organization at California State University, Northridge, the auxiliaries enter into operating agreements with the campus where they agree to maintain and operate the auxiliary in accordance with applicable regulations and policies of California State University, Northridge.

It is the policy of California State University, Northridge to require each of its auxiliary organizations to adopt a conflict of interest policy and procedure for members of their governing boards and for designated employees. Governing board members are required to complete an annual statement of compliance, and designated employees are those who hold positions requiring the filing of an annual statement of economic interests. It is the responsibility of members of a governing board and of designated employees to disclose any conflicts of interest to the appropriate executive officer or their supervisor.

Each auxiliary organization will adopt, pursuant to its own practices, the following policy and procedures related to conflict of interest.

- Members of the Governing Board of the Auxiliary:

No member of the governing board of a CSUN auxiliary organization shall be financially interested in any contract or other transaction entered into by the governing board that is not in accordance with the conflict of interest provisions set forth in Education Code Sections 89906-89909. The following contractual relations are specifically not allowed:

- A) Any contract, other than an employment contract, directly between the auxiliary and an auxiliary director;
- B) Any contract between the auxiliary and a partnership or unincorporated association in which an auxiliary director is a partner, or owner, or holder, directly or indirectly, of a proprietorship interest; and
- C) Any contract between the auxiliary and a for-profit corporation in which auxiliary director is the owner or holder, directly or indirectly, of five percent (5%) or more of the outstanding stock.

Any governing board member who has a conflict and cannot divest himself/herself of such interest as specified above in sections A, B, and C above, shall be asked to resign his/her governing board position.

To avoid other contracts or transactions entered into by the governing board of an auxiliary organization from being voided, a member of a governing board of an auxiliary organization must disclose any financial interest, which could be impacted by the action of the governing board. Under these circumstances the board member must recuse himself /herself from the action to approve such a transaction on the part of the governing board.

- Designated Employees who are Required to File Statements of Economic Interest:

Each auxiliary organization, in consultation with the California State University, Northridge, Vice President for Administration and Finance or designee, shall annually identify designated employees.

Each auxiliary organization shall require disclosure of economic interests based on the judgment of the relative decision-making authority of each designated employee. Generally, employees holding designated positions in auxiliary organizations will be required to disclose economic interests in a similar manner to that required of similarly situated university employees covered by the provisions of the Political Reform Act. Disclosure should include personal economic interests which could be significantly affected through the exercise of official duties by the designated employee.

Specific disclosure categories will be assigned to designated employees in the auxiliary organizations, in consultation with the Vice President for Administration and Finance or designee.

Employees who violate the conflict of interest disclosure provisions contained herein shall be subject to discipline by their auxiliary organization up to and including dismissal.

PROCEDURES:

Each auxiliary organization shall specify a date, at least annually, by which members of its governing board will receive and sign a statement of compliance with the provisions set forth in Education Code Sections 89906-89909. A copy of Education Code Sections 89906-89909 will be provided with the statement. The statement will require the signature of respective board members signifying they have read and understood the provisions and are not now financially interested in any contract or other transaction entered into by the auxiliary.

Designated employees who are required to file an annual statement of economic interests will file these through the executive officer of the auxiliary organization. These statements will be available upon request to the governing board and/or executive officer of the auxiliary corporation as well as any other duly authorized individual such as a university auditor. The annual filing will be made each year on or before July 1.

DEFINITIONS:

Conflict of Interest:

A conflict of interest exists in situations where there is a conflict between the private interests of a person and the official responsibilities of a person. Participating in or making decisions where a persons' economic interests, a) could reasonably be affected in a material way, or b) be affected differently than other persons with the same association with the auxiliary organization are conflicts which are prohibited.

Designated Employee:

An employee holding a position who may make or participate in making decisions which could cause a conflict of interest.

Statement of Compliance:

The annual statement received and signed by each member of an auxiliary governing board which signifies that they have read and understood the provisions set forth in Education Code Sections 89906-89909 and are not financially interested in any contract or other transaction entered into by the auxiliary.

Statement of Economic Interests:

The annual statement completed by designated employees in which they disclose economic interests. The statement contains disclosure categories which are assigned to designated employees based on judgements about the employees' decision-making authority. The disclosure categories specify the types of economic interests which must be disclosed.

REFERENCES:

California Education Code Sections 89906-89909.

Title 5 Sections 42401, 42402, 42442, and 42500 of the California Code of Regulations.

Approved by Board of Directors, Associated Students, CSUN, Inc. – May 8, 2001

MEMO/CONFLICT OF INTEREST/AUXILIARIES/revised 04-11-01, 7-26-02