

**Title:** California State University, Stanislaus Auxiliary and Business Services Conflict of Interest Policy

**Effective:** January 1, 2003

**Office:** Auxiliary and Business Services

**Approved:** February 27, 2003

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## I. Authority

*California Education Code, Section 89906:* No member of the governing board of an auxiliary organization shall be financially interested in any contract or other transaction entered into by the board of which he is a member, and any contract or transaction entered into in violation of this section is void.

*California Education Code, Section 89907:* No contract or other transaction entered into by the governing board of an auxiliary organization is void under the provisions of Section 89906, nor shall any member of such board be disqualified or deemed guilty of misconduct in office under said provisions, if the circumstances specified in the following subdivisions exist: (a) The fact of such financial interest is disclosed or known to the governing board and noted in the minutes, and the governing board thereafter authorizes, approves, or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such financially interested member or members, and (b) The contract or transaction is just and reasonable as to the auxiliary organization at the time it is authorized or approved.

*California Education Code, Section 89908:* The provisions of Section 89907 shall not be applicable if the circumstances specified in any of the following subdivisions exist:

- a. The contract or transaction is between an auxiliary organization and a member of the governing board of that auxiliary organization.
- b. The contract or transaction is between an auxiliary organization and a partnership or unincorporated association of which any member of the governing board of that auxiliary organization is a partner or in which he is the owner or holder, directly or indirectly, of a proprietorship interest.
- c. The contract or transaction is between an auxiliary organization and a corporation in which any member of the governing board of that auxiliary organization is the owner or holder, directly or indirectly, of 5 percent or more of the outstanding common stock.
- d. A member of the governing board of an auxiliary organization is interested in a contract or transaction within the meaning of Section 89906, and without first disclosing such interest to the governing board at a public meeting of the board, influences or attempts to influence another member or members of the board to enter into the contract or transaction.

*California Education Code, Section 89909:* It is unlawful for any person to utilize any information, not a matter of public record, which is received by him by reason of his membership on the governing board of an auxiliary organization, for personal pecuniary gain, regardless of whether he is or is not a member of the governing board at the time such gain is realized.

## II. Purpose

California State University, Stanislaus requires its auxiliaries to operate in accordance with applicable regulations and policies of the CSU Board of Trustees and the campus. Auxiliary organizations are required to adopt a conflict of interest policy and procedures for members of their governing boards and employees. The following policy fulfils these requirements

## III. Policy

### A. Governing Board of Directors and Employees

No member of the governing board of directors, or employee of Auxiliary and Business Services (ABS), 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 89906-89909.

To avoid contracts or transactions entered into by the governing board of ABS from being voided, a board member must disclose a financial interest that could be impacted by the action of the governing board. Under these circumstances the board member must refrain from any action to influence or approve such a transaction.

### B. Reporting

ABS' executive officer shall provide the Chief Financial Officer with a report of compliance with this policy. The report should include the names, positions, terms of office, and date compliance statements were signed. This report shall be forwarded to the Chief Financial Officer annually by June 15.

Violations of the conflict of interest policy shall be reported to the Chief Financial Officer upon discovery.

### C. Definitions

“Conflict of Interest”- a conflict of interest is defined as participating in or making decisions which could reasonably affect a person’s economic interests in a material way and that such participation would impact the person’s economic interest differently than other persons with the same association with ABS.

“Statement of Compliance” – The annual statement signed by each member of ABS’ 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.

**IN WITNESS WHEREOF**, this policy has been executed by the party hereto as of the date first written below.

Executed on February 27, 2003

**California State University, Stanislaus**

*Signatures on file*

By \_\_\_\_\_  
**Ralph Curtis**  
**ABS Board of Trustees President**

By \_\_\_\_\_  
**Mary Stephens**  
**ABS Executive Director (Interim)**