



# Minot State University

## Policy Manual

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### Section 2.9

#### **Conflict of Interest**

Source: SBHE 611.4

1. The State Board of Higher Education, Policy 611.4, emphasizes the responsibility for identifying and monitoring potential conflict of interest situations involving the expenditure of University funds. In order to monitor these situations, it is necessary that employees identify any business entity in which they have a business interest and notify the Vice President, Administration & Finance (VPAF), anytime they are involved in a contract decision involving that entity, including preparation of product specifications. The following are points to consider:

#### **A. Disclosure and Management**

While certain activities are not permitted, a conflict of interest is not necessarily inappropriate or prohibited; what is inappropriate is the failure to disclose a conflict, and once disclosed, the failure to provide appropriate supervision and management of the identified conflict.

#### **B. Conflict of Interest**

A conflict of interest exists when a University employee is involved in an activity, commitment, or interest that adversely affects, compromises, or is incompatible with the obligations that the employee has to MSU. It includes influencing the University in such a way as to lead to improper financial gain for the University employee or the University employee's spouse or dependent children. It also includes involvement and commitment to outside-the-University activities, which interfere with the employee's obligation to students, colleagues, and the primary mission of the University.

#### **C. Procedures**

University personnel are expected and required to take the initiative to report promptly, with sufficient detail, all activities or situations which may involve, or appear to involve, a conflict of interest. All employees who have a business interest in a business entity, or whose spouse, child, sibling, parent, or relative-in-law has a business interest in a business entity that does or could potentially do business with the University must complete a **"Notification of Business Interest"** form and return it to the VPAF. (Note definitions of "business interest" and "business entity" within this policy).

Any employee who fails to report any conflict of interest possibilities or violates this policy is subject to disciplinary action up to and including termination.

DEFINITIONS:

**Business Entity** means a sole proprietorship, partnership, association, joint venture, corporation, firm, trust, foundation, or other organization or entity used in carrying on a business.

**Business Interest** means any degree of ownership (except ownership of widely held stock in major, publicly held corporation), employment, or other mutual agreement for economic gain, by the employee, or any member of the employee's close family (spouse, child, sibling, parent, or in-law).

**Conflict of Interest** refers to a clash between public (University) interest and the private pecuniary interest of the individuals concerned.

PROCEDURES:

**Disclosure**

In addition to any disclosures required by the Conflict of Interest Policy, all employees who have an actual or potential Conflict of Interest (IE: a business interest in a business entity as defined above) associated with a transaction administered by the VPAF shall file a "Notification of Business Interest" form with the VPAF. This form must be filed one time for each business interest. The filing of this form does not relieve the employee from additional responsibilities addressed herein.

**Specifications (Identifying the service or goods to be acquired):**

Notification must be given to the VPAF whenever an employee of the University is involved in preparing contract specification for goods or services that a Business Entity, in which the employee has a Business Interest, may obtain the contract or benefit from the same. Such notification may be indicated on the requisition itself or on a special attachment thereto, and may simply refer to a previously filed Notification of Business Interest. Preparing procurement specification includes not only the actual task of preparation but also the ability to cause preparation or influence the nature of the specifications.

**Authorization (Signing the purchase requisition):**

An employee of the University shall not authorize a transaction with a Business Entity in which that employee has a Business Interest.

**Acceptance and Approval for Payment:**

If goods or services have been acquired from a business in which an employee has a business interest, then that employee shall not perform either of the functions of: (a) verifying the correctness and completeness of goods and services ordered for the University; or (b) approving such items for payment.

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