

# *STEP Academy*

## **Conflict of Interest**

### **I. Purpose**

The purpose of the conflict of interest policy is to protect STEP Academy's interest when it is contemplating entering into a transaction or arrangement that might result in an excess benefit transaction. This policy is intended to supplement but not replace, applicable state and federal laws governing conflict of interest applicable to nonprofits, charitable organizations, and chartered public schools.

### **II. General Statement of Policy**

It is the policy of the charter school board to conform to statutory conflict of interest laws and act in a manner that will avoid any conflict of interest or the appearance thereof. This policy addresses compliance requirements with MN Stat. 124D.10 Subd 4a; 34 CFR Part 80.26(b) and 36(b)(3); and 34 CFR Part 75.525(a) & (b).

### **III. Minnesota Statute**

STEP Academy will conform with MN Statute 124D.10, Subd 4a as shown below:

Subd. 4a. Conflict of interest.

*(a) An individual is prohibited from serving as a member of the charter school board of directors if the individual, an immediate family member, or the individual's partner is an owner, employee or agent of, or a contractor with a for-profit or nonprofit entity with whom the charter school contracts, directly or indirectly, for professional services, goods, or facilities. A violation of this prohibition renders a contract voidable at the option of the commissioner or the charter school board of directors. A member of a charter school board of directors who violates this prohibition is individually liable to the charter school for any damage caused by the violation.*

*(b) No member of the board of directors, employee, officer, or agent of a charter school shall participate in selecting, awarding, or administering a contract if a conflict of interest exists. A conflict exists when:*

*(1) the board member, employee, officer, or agent;*

*(2) the immediate family of the board member, employee, officer, or agent;*

*(3) the partner of the board member, employee, officer, or agent; or*

*(4) an organization that employs, or is about to employ any individual in clauses (1) to (3), has a financial or other interest in the entity with which the charter school is contracting. A violation of this prohibition renders the contract void.*

*(c) Any employee, agent, or board member of the authorizer who participates in the initial review, approval, ongoing oversight, evaluation, or the charter renewal or nonrenewal process or decision is ineligible to serve on the board of directors of a school chartered by that authorizer.*

*(d) An individual may serve as a member of the board of directors if no conflict of interest under paragraph (a) exists.*

*(e) The conflict of interest provisions under this subdivision do not apply to compensation paid to a teacher employed by the charter school who also serves as a member of the board of directors.*

*(f) The conflict of interest provisions under this subdivision do not apply to a teacher who provides services to a charter school through a cooperative formed under chapter 308A when the teacher also serves on the charter school board of directors.*

#### **IV: Federal Statute**

#### **STEP Academy will comply with federal statutes regarding conflict of interest and federal grant administration.**

A. 34 Code of Federal Regulations (CFR) Part 80.36(b): 3.

STEP Academy will conform with 34 Code of Federal Regulations (CFR) Part 80.36(b): (3) which reads as follows:

*Grantees and subgrantees will maintain a written code of standards of conduct governing the performance of their employees engaged in the award and administration of contracts. No employee, officer or agent of the grantee or subgrantee shall participate in selection, or in the award or administration of a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when:*

*(i) The employee, officer or agent,*

*(ii) Any member of his immediate family,*

*His or her partner, or*

*(iii) An organization which employs, or is about to employ, any of the above, has a financial or other interest in the firm selected for award. The grantee's or subgrantee's officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to subagreements. Grantee and subgrantees may set minimum rules where the financial interest is not substantial or the gift is an unsolicited item of nominal intrinsic value. To the extent permitted by State or local law or regulations, such standards or conduct will provide for penalties, sanctions, or other disciplinary actions for violations of such standards by the grantee's and subgrantee's officers, employees, or agents, or by contractors or their agents. The awarding agency may in regulation provide additional prohibitions relative to real, apparent, or potential conflicts of interest.*

#### **B. 34 CFR Part 75.525 (a) & (b) Participation in a Project**

(a) A grantee may not permit a person to participate in an administrative decision regarding a project if:

(1) The decision is likely to benefit that person or a member of his or her immediate family; and

(2) The person:

(i) Is a public official; or

(ii) Has a family or business relationship with the grantee.

(b) A grantee may not permit any person participating in the project to use his or her position for a purpose that is – or gives the appearance of being – motivated by a desire for a private financial gain for that person or for others.

## **V. Code of Standards for Employees**

### **A. Standards**

#### **1. Any STEP Academy employee responsible**

for federal grant funds

will disclose any and all conflicts of interest as described in the above federal regulation.

2. STEP Academy employees responsible for federal grant administration will comply with all federal procurement regulations
3. STEP Academy employees responsible for federal grant administration will comply with all federal regulations regarding expenses.
4. STEP Academy employees responsible for federal grant administration will provide required documentation regarding grant expenditures.
5. STEP Academy employees responsible for federal grant administration will have all expenditures approved by the STEP Academy school board before expending any grant funds.
6. All STEP Academy employees are required to report any suspected misconduct regarding federal grant expenditures to the Director and/or Board of Directors.

### **B. Enforcement of Standards**

1. STEP Academy employees responsible for federal grant administration who violate the above code of standards will be subject to disciplinary action up to and including dismissal from their position.
2. STEP Academy will prosecute to the full extent of the law any employees who violate state or federal laws regarding federal grant administration.

**VI: Determination as to whether a conflict of interest exists**

The determination as to whether a conflict of interest exists is to be made by the school board. Any school board member who has an actual or potential conflict shall notify the school board of such conflict immediately. The school board member shall thereafter cooperate with the school board as necessary for the school board to make its determination.

**VII: Annual Statements**

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflicts of interest policy.
- b. Has read and understands the policy
- c. Has agreed to comply with the policy
- d. Understands that STEP Academy is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Legal References

*MN Statute 124D.10, Subd 4a*

*34 Code of Federal Regulations (CFR) Part 80.36(b): 3.*

*34 CFR Part 75.525 (a) & (b) Participation in a Project*

*Approved:*

*Revised:*

## STEP Academy Conflict of Interest Statement

Board member full name:

I have read and am familiar with the STEP Academy board policy concerning conflicts of interest (Policy 210), and I have initialed the line opposite the appropriate paragraph below.

\_\_\_\_\_ During the past year, neither I, nor to the best of my knowledge, any member of my family has had an interest or taken action which would contravene the policy of the STEP Academy board of directors.

\_\_\_\_\_ During the past year, neither I, nor to the best of my knowledge, any member of my family has had an interest or taken any action which would contravene the policy of this board, except such interest or action fully disclosed in the box below.

**Board member signature**

**Date**