

1 The board and each member of the board recognize that they are subject to North Carolina's  
2 criminal laws related to conflicts of interest in public office and that a board member may not  
3 use his or her office for personal benefit. The board and each member of the board further  
4 recognize that they are subject to the standards established by the federal government for  
5 recipients of federal grants as specified in policy 8305, Federal Grant Administration. The board  
6 and each member of the board understand that violation of state and federal laws and regulations  
7 on conflicts of interest may result in conviction of a crime, may render a contract of the board  
8 void, or may result in loss of federal funds. In keeping with the ethical duties specified in policy  
9 2120, Code of Ethics for School Board Members, board members will not let any personal or  
10 business interest interfere with their duties as public officials.

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12 All board members will abide by the following conflict of interest rules.

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14 1. A board member will not derive a personal benefit from a contract with the school system  
15 in violation of state law G.S. 14-234. Specifically, a board member will not:
- 16 a. obtain a direct benefit from a contract that he or she is involved in making or  
17 administering on behalf of the board, unless an exception is allowed pursuant to  
18 G.S. 14-234 or other law;
  - 19 b. influence or attempt to influence anyone who is involved in making or  
20 administering a contract on behalf of the board when the board member will  
21 obtain a direct benefit from the contract; or
  - 22 c. solicit or receive any gift, favor, reward, service, or promise of reward, including  
23 a promise of future employment, in exchange for recommending, influencing, or  
24 attempting to influence the award of a contract.

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26 For purposes of G.S. 14-234, a board member is involved in administering a contract if  
27 he or she oversees the performance of the contract or has authority to interpret or make  
28 decisions regarding the contract. A board member is involved in making a contract if he  
29 or she participates in the development of the specifications or terms of the contract or  
30 participates in the preparation or award of the contract. A board member is also involved  
31 in making a contract if the board takes action on the contract, even if the specific board  
32 member did not actually participate in that action, unless the contract is approved under  
33 an exception to the law under which the board member is allowed to benefit and is  
34 prohibited from voting.

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36 A board member derives a direct benefit from a contract if the board member or his or  
37 her spouse does any of the following: (1) has more than a 10 percent ownership or other  
38 interest in an entity that is a party to the contract; (2) derives any income or commission  
39 directly from the contract; or (3) acquires property under the contract. An exception is  
40 allowed for employment contracts between the board and the spouse of a board member.  
41 However, the board member involved will not deliberate or vote on the spouse's  
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45 employment contract or attempt to influence any other person who is involved in making  
46 or administering the contract.

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48 2. A board member will not deliberate on, vote on, or otherwise engage in the selection,  
49 award, or administration of a contract supported in whole or part by federal funds when  
50 he or she has a real or apparent conflict of interest under federal rules as provided in 2  
51 C.F.R. 200.318(c)(1) and policy 8305, Federal Grant Administration. For purposes of  
52 this paragraph, a conflict of interest arises when a board member or his or her spouse,  
53 immediate family member, or partner, or the employer or pending employer of any of  
54 those persons, has a financial or other interest in or receives a tangible personal benefit  
55 from a firm considered for the contract. Any such conflict must be disclosed to the  
56 awarding agency.

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58 For purposes of the previous paragraph, a “financial interest” means a financial interest  
59 which comprises more than five percent of the equity of the firm or business or more than  
60 five percent of the assets of the economic interest in indebtedness. It does not include an  
61 ownership interest held through a fiduciary, such as a mutual fund or blind trust, where  
62 the individual or individual’s employer has no control over the selection of holdings.

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64 3. A board member will not solicit or accept trips, meals, gratuities, gifts, favors, or  
65 anything of monetary value from (i) current contractors, subcontractors, or suppliers; (ii)  
66 any contractor, subcontractor or supplier that has performed under a contract with the  
67 board within the past year; or (iii) any contractor, subcontractor, or supplier that  
68 foreseeably may bid on a contract in the future, unless the item is an unsolicited gift of  
69 nominal value (\$50 or less) and is one of the following: an advertising item or souvenir  
70 that is widely distributed; an honorarium for participating in a meeting; a meal provided  
71 at a banquet; or other item that is clearly permitted by state and federal law.

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73 Multiple permitted items from a single contractor, subcontractor, or supplier may not  
74 exceed an aggregate value of \$100 in a twelve-month period.

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76 4. A board member will not solicit or accept any gifts from a current or potential provider of  
77 E-rate services or products in violation of applicable federal E-rate program gifting rules.

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79 5. A board member will not misuse information in violation of G.S. 14-234.1. Specifically,  
80 a board member will not use knowledge of contemplated board action, or information  
81 known to the member in his or her official capacity and not made public, to:

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83 a. acquire a financial interest in any property, transaction, or enterprise or gain any  
84 financial benefit which may be affected by the information or contemplated  
85 action; or

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87 b. intentionally aid another to acquire a financial interest or gain a financial benefit.

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89     Legal References: 2 C.F.R. 200.112 and 200.318(c)(1); 47 C.F.R. 54.503; FCC Sixth Report and  
90     Order 10-175; G.S. 14-234, -234.1; 133-32; Attorney General Opinion requested by L.W. Lamar  
91     regarding G.S. 133-32, the Applicability to Attorneys and Law Firms Providing Professional  
92     Services to Local Boards of Education, dated May 13, 1993

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94     Cross References: Code of Ethics for School Board Members (policy 2120), Ethics and the  
95     Purchasing Function (policy 6401/9100), Employee Conflict of Interest (policy 7730), Federal  
96     Grant Administration (policy 8305)

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98     All members of the Transylvania County Board of Education (the “board”) are subject to the  
99     criminal laws related to conflicts of interest in public office, including strict restrictions against  
100    having a pecuniary interest in any business of the board. In addition, board members will not let  
101    any personal or business interest interfere with their duties as public officials, including ethical  
102    duties as specified in policy 2120, Code of Ethics for School Board Members.

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104    A member of the board will not do any of the following:

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106    1. ~~obtain a direct benefit from a contract that he or she is involved in making or~~  
107       ~~administering on behalf of the board, unless an exception is allowed pursuant to G.S. 14-~~  
108       ~~234 or other law;~~
- 109  
110    2. ~~influence or attempt to influence anyone who is involved in making or administering a~~  
111       ~~contract on behalf of the board when the board member will obtain a direct benefit from~~  
112       ~~the contract;~~
- 113  
114    3. ~~solicit or receive any gift, favor, reward, service, or promise of reward, including a~~  
115       ~~promise of future employment, in exchange for recommending, influencing, or~~  
116       ~~attempting to influence the award of a contract;~~
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118    4. ~~accept a gift or favor from any person or group desiring to do or doing business with the~~  
119       ~~school system, unless such gifts are instructional products or advertising items of nominal~~  
120       ~~value that are widely distributed; or~~
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122    5. ~~solicit or accept any gifts from any potential provider of E-rate services or products in~~  
123       ~~violation of federal gifting rules.~~

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125    A board member is involved in administering a contract if he or she oversees the performance of  
126    the contract or has authority to interpret or make decisions regarding the contract. A board  
127    member is involved in making a contract if he or she participates in the development of the  
128    specifications or terms of the contract or participates in the preparation or award of the contract.

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130    A board member derives a direct benefit from a contract if the board member or his or her spouse  
131    does any of the following: (1) has more than a 10 percent ownership or other interest in an entity  
132    that is a party to the contract; (2) derives any income or commission directly from the contract;

133 ~~or (3) acquires property under the contract. An exception is allowed for employment contracts~~  
134 ~~between the board of education and the spouse of a board member. However, the board member~~  
135 ~~involved will not deliberate or vote on the spouse's employment contract or attempt to influence~~  
136 ~~any other person who is involved in making or administering the contract.~~

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138 ~~Legal References: G.S. 14-234, 234.1; 133-32; 47 C.F.R. 54.503; FCC Sixth Report and Order~~  
139 ~~10-175~~

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141 ~~Cross References: Code of Ethics for School Board Members (policy 2120), Employee Conflict~~  
142 ~~of Interest (policy 7730)~~

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144 Adopted: October 19, 2015

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146 Revised: December 14, 2015; [DATE]

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