

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:
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17 a. obtain a direct benefit from a contract that he or she is involved in making or  
18 administering on behalf of the board, unless an exception is allowed pursuant to  
19 G.S. 14-234 or other law;
  - 20  
21 b. influence or attempt to influence anyone who is involved in making or  
22 administering a contract on behalf of the board when the board member will  
23 obtain a direct benefit from the contract; or
  - 24  
25 c. solicit or receive any gift, favor, reward, service, or promise of reward, including  
26 a promise of future employment, in exchange for recommending, influencing, or  
27 attempting to influence the award of a contract.

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

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

45 employment contract; ~~or~~ (2) attempt to influence any other person who is involved in  
46 making or administering the contract; or (3) participate in, deliberate on, vote on, or  
47 attempt to influence any person with respect to any other matter pertaining to the board  
48 member's spouse's employment with the school system, including but not limited to  
49 hiring, contract renewal, transfer, promotion, demotion, suspension, discipline,  
50 performance evaluation, or review or investigation of a complaint of any kind.

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

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

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

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

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- 80 4. A board member will not solicit or accept any gifts from a current or potential provider of  
81 E-rate services or products in violation of applicable federal E-rate program gifting rules.
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- 83 5. A board member will not misuse information in violation of G.S. 14-234.1. Specifically,  
84 a board member will not use knowledge of contemplated board action, or information  
85 known to the member in his or her official capacity and not made public, to:
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- 87 a. acquire a financial interest in any property, transaction, or enterprise or gain any  
88 financial benefit which may be affected by the information or contemplated

89                    action; or

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

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

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

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102    Adopted: October 19, 2015

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104    Revised: December 14, 2015; December 17, 2018; [DATE]

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