

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 solicit or receive personal financial gain from the school system
15 by means of intimidation, undue influence, or misuse of school system employees in
16 violation of G.S. 14-234.2.
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18 2. A board member will not derive a personal benefit from a contract with the school system
19 in violation of ~~state law~~ G.S. 14-234. Specifically, a board member will not:
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 - 21 a. obtain a direct benefit from a contract that he or she is involved in making or
22 administering on behalf of the board, unless an exception is allowed pursuant to
23 G.S. 14-234 or other law;
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25 b. influence or attempt to influence anyone who is involved in making or
26 administering a contract on behalf of the board when the board member will
27 obtain a direct benefit from the contract; or
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29 c. solicit or receive any gift, favor, reward, service, or promise of reward, including
30 a promise of future employment, in exchange for recommending, influencing, or
31 attempting to influence the award of a contract.

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

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43 A board member derives a direct benefit from a contract if the board member or his or
44 her spouse does any of the following: (1) has more than a 10 percent ownership or other

45 interest in an entity that is a party to the contract; (2) derives any income or commission
46 directly from the contract; or (3) acquires property under the contract. An exception is
47 allowed for employment contracts between the board and the spouse of a board member.
48 However, the board member involved will not deliberate or vote on the spouse's
49 employment contract or attempt to influence any other person who is involved in making
50 or administering the contract.

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52 3. A board member who is also a director, officer, or governing board member of a
53 nonprofit will not (1) knowingly vote on, participate in deliberations on, or administer
54 any contract with that nonprofit; (2) influence or attempt to influence the deliberation or
55 vote of others on any such contract; or (3) solicit or receive any gift, reward, or other
56 benefit in exchange for recommending, influencing, or attempting to influence the award
57 of such contract in violation of G.S. 14-234.3. Once the board member's recusal is
58 recorded in the minutes of the board, the board may enter into or administer the contract.

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

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

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

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

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88 6. A board member will not solicit or accept any gifts from a current or potential provider of

89 E-rate services or products in violation of applicable federal E-rate program gifting rules.

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

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

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

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101 Legal References: 2 C.F.R. 200.112 and 200.318(c)(1); 47 C.F.R. 54.503; FCC Sixth Report and
102 Order 10-175; G.S. 14-234, -234.1, -234.2, -234.3; 133-32; Attorney General Opinion requested
103 by L.W. Lamar regarding G.S. 133-32, the Applicability to Attorneys and Law Firms Providing
104 Professional Services to Local Boards of Education, dated May 13, 1993

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

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110 Adopted: October 19, 2015

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