

LEHIGH UNIVERSITY

CONFLICT OF INTEREST POLICY

Adopted by the Board of Trustees on October 11, 2002
(Amendment added in 2008 in *italics*)

Recognition

One of the most important obligations of University Trustees, Officers, Faculty, and Staff Members is to maintain the highest standards in all associations and activities. A high degree of personal responsibility, integrity, and judgement on the part of these individuals is imperative. They must conduct all of their activities in a manner that will withstand the sharpest scrutiny.

Lehigh University respects the rights of its Trustees, Officers, Faculty, and Staff Members to engage in outside business, financial, and other activities, recognizing that conflicts of interest do occasionally arise and that they (1) may result from an individual's relationship with outside organizations, persons, or causes reflecting the individual's prominence, reputation and influence, and (2) need not be harmful, and indeed may be favorable to Lehigh's interests, as long as they are disclosed and understood in Lehigh University's decision making process.

Definition

A conflict of interest, including an apparent conflict, exists whenever a Trustee, Officer, Faculty, or Staff Member or any member of their immediate family (spouse, child, brother, sister, parent, grandparent, grandchild, domestic partner, and the respective spouses of the foregoing or any person residing within one's household) has a significant relationship, whether economic or otherwise as owner, investor, officer, director, trustee, partner, employee, consultant, or recipient of a gift (whether in money, goods or services, of a value greater than \$100 whether received directly or indirectly) with any entity (person, firm, corporation, or organization) that supplies or receives funds, goods, services, or required approvals to or from the University, or proposes to do so in the near future.

A conflict can also occur if a Trustee, Officer, Faculty, or Staff Member has a relationship (*including but not limited to full or part time employment, serving in a consulting or advisory capacity whether compensated or not, or having an ownership interest*) with any other entity engaged in the delivery of educational or other services that fall within the scope of the University's activities or which may influence the exercise of their professional judgement on behalf of the University.

For the purposes of this definition the term "University" includes Lehigh University and its related organizations as listed on the attachment to this document. A "significant relationship" as owner or investor is to have the ability to control the entity, having an investment exceeding \$10,000, and an equity interest of 10% or more.

Trustees and Officers

State and federal statutes require that the University's Board inquire into all of the material facts of a proposed transaction between the University and a Trustee, Officer, their immediate families, or an entity in which they have a significant relationship. It is the responsibility of the Trustee or Officer and University management to bring all related material facts promptly and completely to the Board. The facts should include: what benefits could flow to the individual; the present financial position of the individual's entity; whether the University's relationship stands on equal or preferential footing relative to others similarly engaged with the entity; and, whether, in the absence of the relationship, the University would enter into the transaction. The Trustee shall not vote or participate in the deliberation of the matter, use their personal influence, directly or indirectly in the matter, or be counted in determining the existence of a quorum for the purposes of any action of the Board of Trustees. The Officer shall not use their personal influence, directly or indirectly in the matter.

After completing this review, the Board must decide whether the transaction is "fair" and is not a deviation of "normal" business practices or procedures and the individual is not being unreasonably compensated or rewarded. The Board's review of the material facts and its resulting decision must be documented through a formal resolution contained within the minutes of the meeting. The Executive Committee may act on behalf of the Board in this area.

Faculty and Staff Members

When at any time a matter requiring action arises, which is in the area of supervision or decision making of a member of either the Faculty or Staff and involves that person in a real or apparent conflict of interest, it shall be the responsibility of the respective person to disclose such relationship, interest, or other circumstances, and all related material facts promptly and completely to the Director of Internal Audit and the respective Dean or Vice President.

In addition, that person will not participate in the decision making and related deliberations on the respective matter or use their personal influence, directly or indirectly in the matter. In addition, they will not be involved in the subsequent approval/authorization for payment of such supplies, goods or services.

Disclosure

It is essential to the administration of this policy that the Trustees, Officers, Faculty and key Staff Members of the University review and respond to the policy upon employment or appointment to their position and at least annually thereafter. Each year, on behalf of the Board of Trustees, the Corporate Secretary will forward to the Trustees and the Director of Internal Audit will forward to the Officers, full-time Faculty and Staff members who are account executives, a copy of the University's Conflict of Interest policy. They will ensure each individual reviews the policy, responds that they have read and agree to abide it. In addition, at this time each individual will indicate whether they have, currently or during the past year, to the best of their knowledge, any potential or real conflicts of interest. The Corporate Secretary and Director of Internal Audit will review the responses and attempt to resolve any significant conflicts with the individual. If it cannot be immediately resolved it should be taken to the next level of supervision until fully resolved. If at any time during the year a new or possible conflict situation occurs then the individual should notify either the Corporate Secretary or Director of Internal Audit in writing.

All of the responses will remain confidential, however, to allow the University to be proactive in addressing potential or real conflicts; a summary of the responses will be shared as shown below:

<u>Group/ Individual</u>	<u>Responsibility for Annual Review (1)</u>	<u>Conflict Resolved With (2)</u>	<u>Information To Be Shared With (3)</u>
Trustees	Corporate Secretary	Trustee Audit Committee	Trustees
President	Corporate Secretary	Trustee Audit Committee	Trustees
Vice Presidents	Director Internal Audit	President	Trustees
Full-Time Faculty	Director Internal Audit	Faculty Member's Supervisor	Provost
Staff Account Executives	Director Internal Audit	Staff Member's Supervisor	Respective Vice-President

(1) The Corporate Secretary and Director of Internal Audit will administer the annual review of the policy, ensure all required individuals have responded, and report the reviews' completion to the Trustee Audit Committee.

(2) If the Corporate Secretary or Director of Internal Audit cannot resolve a significant conflict to their satisfaction then it is taken to the responding individual's next level of supervision.

(3) To allow the University to be proactive, its leaders should be aware of all possible real/potential conflicts to assist them during the decision making process. Therefore the Corporate Secretary or the Director of Internal Audit will share a summary of the Conflict of Interest responses with these individuals.

Lehigh University Attachment to the University's Conflict of Interest Policy

Listing of University Related Organizations

Northeast Tier Ben Franklin Partnership
 Manufacturers Resource Center
 Lehigh and Northampton Counties Revolving Loan Fund