

# **THE UNIVERSITY OF THE SOUTH CONFLICT OF INTEREST POLICY**

(Adopted by the Regents May, 2005  
and Revised June, 2009, February 2022, September 2022)

## **Purpose**

The primary purpose of this Conflict of Interest Policy is to ensure that the interests of the University of the South (“University”) are adequately protected as the institution enters into business or operational relationships that may involve the interests of one or more Key Institutional Leaders, as defined by this policy, or individuals related to such Key Institutional Leaders, and to ensure that all legal obligations of the University are being met. The further purpose of this policy is to guide Key Institutional Leaders in recognizing, reporting and seeking resolution of potential or perceived conflicts between their personal interests and those of the University. This policy has been designed to comport with accreditation standards established by the Southern Association of Colleges and Schools Commission on Colleges (“SACSCOC”) and which demand that the members of the governing boards of academic institutions be “free of any contractual, employment, personal or familial financial interest in the institution.”<sup>1</sup>

## **Scope**

This Conflict of Interest policy applies to all Key Institutional Leaders, as defined herein, any University employee with significant involvement in University financial and business matters or other persons designated in writing by the Vice-Chancellor to be subject to this policy (a “University Representative”).

## **General Policy**

All University Representatives shall owe a duty of loyalty and care to the University. In accordance with this duty of loyalty and care, all decisions made on behalf of the University by University Representatives are to be made solely with the purpose of protecting and advancing the best interests of the University.

A potential or perceived conflict of interest may occur in any instance where the private interests of a University Representative may give rise to the appearance that the University Representative’s independence or objectivity in the discharge of responsibilities and duties owed to the University may be impaired. Each University Representative has the responsibility to ensure that, in timely fashion, the University is made aware of any situations that may give rise to an actual or perceived conflict between the interests of the University Representative and those of the University, including personal, familial, or business relationships, as defined under this policy. As well, if the Chair of the Board of

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<sup>1</sup> See SACSCOC *Principles of Accreditation*, Section 4.1.c and 4.2.d (2018).

Regents or the Vice-Chancellor receives information that indicates the potential existence of a conflict involving a University Representative, a review shall be initiated for the purpose of determining whether a conflict of interest has arisen in fact and whether remedial steps are necessary to protect the interests of the University in regard to the identified conflict. The review of any potential conflict of interest shall be conducted by the Audit Subcommittee of the Resources and Operations Committee of the Board of Regents (“Audit Subcommittee”). The existence and resolution of a conflict of interest shall be determined by the majority vote of the disinterested Regent members of the Audit Subcommittee. In the event that there are less than a majority of disinterested Regent members of the Audit Subcommittee qualified to vote, the matter shall be presented to the full Board of Regents for determination or resolution. The proceedings and records of the Audit Subcommittee in its review of matters involving potential conflicts of interest shall be deemed confidential and may only be released in accordance with the terms of this policy.

This policy is intended to supplement, but not replace, any state or federal laws governing conflicts of interest that may be deemed applicable to any situation arising pursuant to this policy.

## **Disclosure**

All University Representatives shall, as soon as they have knowledge of a specific transaction in which there may be an actual or perceived conflict, disclose fully the precise nature of their interest in that transaction to those at the University involved with the transaction and to either the Chair of the Board of Regents or the Vice-Chancellor. Such disclosure shall be made in a timely fashion, providing the University the opportunity to undertake a reasonable review of the circumstances surrounding the potential conflict and any remedial steps deemed necessary to protect the interests of the University.

In addition to the disclosure requirements relating to known specific transactions, as defined above, all Key Institutional Leaders and other University employees designated by the Vice-Chancellor must complete annually the Conflict of Interest Disclosure form, identifying those business relationships that they (or Family Members) maintain with organizations that do significant business with the University or that might otherwise be construed to potentially affect their independent, unbiased judgment on matters relating to the interests of the University and attesting to the fact that they have received, read and understood this policy.

If any University Representative is uncertain whether a particular relationship should be disclosed, they should consult with the Chair of the Board of Regents or the Vice-Chancellor, who shall request the Audit Subcommittee to undertake a review to resolve any question as to whether a relationship should be disclosed or a conflict exists.

## **Written Records**

A confidential written record of each review of potential conflicts initiated by the Chair of the Board of Regents or the Vice-Chancellor and undertaken by the Audit Subcommittee, whether based upon disclosure or the receipt of information, shall be preserved and maintained by the University and shall not be disclosed except in accordance with the requirements of this policy.

All information regarding the disclosure of potential conflicts of interest, including the information provided on the Conflict of Interest Disclosure form, shall be confidential except when the best interests of the University would be served by disclosure.

## **Restriction on Participation and Other Remedies**

University Representatives who have declared or been found to have a conflict of interest based upon the review of the Audit Subcommittee must refrain from participating in the consideration of the associated transaction(s), unless for special reasons the University Representative is asked for information or interpretation. University Representatives with conflicts shall not be present for the discussion of the associated transaction(s), shall abstain from voting on the matter(s), and shall not be present at the time of any vote on the matter(s). In addition to restricting participation in deliberations, in any instance where a conflict is deemed to exist under this policy, the Chair of the Board of Regents or the Vice-Chancellor shall determine whether additional actions are necessary to resolve or remediate the conflict, taking care to ensure that the resolution is in the best interests of the University. Any University Representative who discloses a potential conflict or is determined to have a conflict shall be notified by the Chair of the Board of Regents or the Vice-Chancellor of the initiation of a review; the determination by the Audit Subcommittee as to whether a conflict exists; and any steps deemed necessary to remediate the conflict. No process of appeal is available for decisions made by the Audit Subcommittee relating to conflicts of interest covered by this policy.

## **Review of Policy**

This policy shall be reviewed by the University Board of Regents as often as is necessary to protect the interests of the University, but at least every three years. This review is consistent with expectations established by SACSCOC relating to the expectation that boards regularly review and evaluate their responsibilities.<sup>2</sup>

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<sup>2</sup> See SACSCOC Principles of Accreditation, Section 4.2.g (2018).

## Definitions

The following definitions are provided to assist in interpreting the intent of this policy and in determining whether a relationship should be disclosed to the University.

**Relationship:** A relationship in which a University Representative directly or indirectly receives a substantial benefit, and/or in which the University Representative or a Family Member of the University Representative serves as an officer, director, employee, member, partner, trustee, or controlling stockholder of an organization that does significant business with the University.

**Family Member:** A spouse; a parent, sibling, child, or their spouses, of a University Representative; or any other individual who resides in the same household as a University Representative.

**Key Institutional Leaders:** Members of the Board of Trustees, Board of Regents, Officers and any University employee with significant involvement in University financial or business matters such as members of the Vice-Chancellor's Cabinet.

**Significant Business:** Any transactional relationship between the University and any party that results in payments for goods or services totaling at least \$ 1,000 within a period of 12 consecutive calendar months.

**Substantial Benefit:** When the University Representative (or Family Member) is the actual or beneficial owner of more than 5% of the voting stock or controlling interest of an organization that does significant business with the University or has other dealings with such an organization from which the University Representative benefits directly or indirectly from cash or property receipts that total at least \$ 1,000 or more within a period of twelve consecutive calendar months.