

**BALL STATE UNIVERSITY  
OFFICE OF CHARTER SCHOOLS'  
POLICY REGARDING  
CONFLICT OF INTEREST  
*Revised September 10, 2007***

**A. INTRODUCTION**

By July 1 of the year in which the Charter School is scheduled to commence operations, the Organizer shall submit its proposed policy regarding conflicts of interest for members of the Organizer's governing body and for employees of the Charter School. The proposed policy shall be consistent with the Organizer's not-for-profit status, with applicable law, the Charter, and with this Ball State University (the "University") Charter School Policy Regarding Conflicts of Interest. The proposed policy submitted by the Organizer shall contain, at a minimum, the following provisions:

**B. PROVISIONS REGARDING CONFLICTS OF INTEREST**

1. The proposed policy shall contain a statement that it is the policy of the Organizer and its governing body that the Organizer's directors and officers, and the employees of the Charter School shall carry out their respective duties in a fashion that avoids actual, potential or perceived conflicts of interest. Further, that the Organizer's directors and officers, and the employees of the Charter School shall have the continuing, affirmative duty to make disclosure of any personal ownership, interest, or other relationship that might affect their ability to exercise impartial, ethical, and business-based judgments in fulfilling their respective responsibilities to the Organizer and/or the Charter School.
2. The proposed policy shall further provide that the Organizer's directors and officers, and the employees of the Charter School shall conduct their duties with respect to potential and actual grantees, contractors, suppliers, agencies, and other persons transacting or seeking to transact business with the Organizer and/or the Charter School in a completely impartial manner, without favor or preference based upon any consideration other than the best interests of the Organizer and/or the Charter School.
3. The proposed policy shall further provide that the Organizer's directors and officers, and the employees of the Charter School shall not seek or accept for themselves or for any of their relatives (defined herein to include spouses, siblings, ancestors, or descendants, whether by whole- or half-blood), from any person or entity that transacts or seeks to transact business with the Organizer and/or the Charter School, any gifts, entertainment, or other favors relating to their positions with the Organizer and/or the Charter School. This shall not apply to the acceptance of nominal gifts such as pens, hats, coffee mugs, note-pads, or other nominal gifts which have a value similar to those items described herein.
4. The proposed policy shall further provide that the Organizer's directors and officers, or the employees of the Charter School shall not knowingly or intentionally hold

a pecuniary interest in, or derive a profit from, any contract or purchase by the Organizer and/or the Charter School. The proposed policy should also provide that this prohibition does not apply to employment compensation provided to employees of the Charter School for services provided to the Charter School within the scope of their employment. The proposed policy should further provide that this prohibition does not apply to the reimbursement of expenses incurred by a director or officer of the Organizer or an employee of the Charter School where such expenditure is for the benefit of the Charter School and has been duly approved by the Organizer's governing body.

5. The proposed policy shall further provide that the prohibition set forth in paragraph four (4) of this Policy shall not prevent an Organizer and/or Charter School employee from having a pecuniary interest in or deriving a profit from a contract or purchase connected with the Organizer or the Charter School if the following conditions are met:

- (a) the employee is not a member of the Organizer's governing body, nor has the employee been delegated the function of contracting or purchasing by the Organizer's governing body;
- (b) the functions and duties performed by the employee for the Organizer and/or the Charter School are unrelated to the contract or purchase; and
- (c) the employee makes disclosure to the Organizer's governing body in the manner set forth in this Policy at paragraph seven (7).

6. The proposed policy shall further provide that the prohibition set forth in paragraph four (4) of this Policy shall not apply in the following circumstances to an employee of the Organizer and/or the Charter School:

- (a) the contract or purchase involves the employment of the employee's relative, or the payment of a fee for goods or service to the employee's relative; and
- (b) the employee makes disclosure to the Organizer's governing body in the manner set forth in this Policy at paragraph (7).

The proposed policy shall further specify that this exception to the prohibition set forth in paragraph four (4) of this Policy shall not be applicable to contracts or purchases involving a relative of a member of Organizer's governing body.

7. The proposed policy must provide that the disclosure contemplated by paragraphs five (5) and six (6) of this Policy must be as follows:

- (a) be in writing;

- (b) describe the contract or purchase to be made by the Organizer's governing body;
- (c) describe the pecuniary interest that the employee has in the contract or purchase;
- (d) be affirmed under penalties of perjury; and
- (e) be submitted to the Organizer's governing body with a contemporaneous copy being provided to the University's Director of the Office of Charter Schools, and be accepted by the Organizer's governing body in a public meeting under I.C. 5-14-1.5 et seq. prior to final action on the contract or purchase.

8. For purposes of the proposed policy, a pecuniary interest in a contract or purchase shall be found to exist if the contract or purchase will result in, or is intended to result in, an ascertainable increase in the income or net worth of:

- (a) a director or officer of the Organizer;
- (b) an employee of the Charter School; or
- (c) a relative of a director or officer of the Organizer, or of a Charter School employee which relative:
  - (i) is under the direct or administrative control of the director or officer of the Organizer, or of the Charter School employee; or
  - (ii) receives, or is awarded, a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the director or officer of the Organizer, or of the Charter School employee.

9. The proposed policy may provide that the prohibitions required by this Policy shall not apply if the pecuniary interests of the director or officer of the Organizer, or of the Charter School employee in the contract or purchase at issue, and in all other contracts and purchases over the immediately preceding twelve (12) month period before the date of the contract or purchase at issue, was \$250 or less.

10. The proposed policy shall provide that if a member of the Organizer's governing body violates the proposed policy, the violation shall be reported in writing to the Director of the Office of Charter Schools, and the violation shall provide the basis for sanctioning the violating director or officer which sanctions shall include the possible suspension or removal of the violating officer or director from the Organizer's governing body in a manner consistent with the bylaws governing removal of members of the Organizer's governing body.

11. The proposed policy shall further provide that if a Charter School employee violates the proposed policy, the violation shall be reported in writing to the Director of the Office of Charter Schools, and that the violation shall provide the basis for disciplining of the employee up to and including possible termination from employment in a manner consistent with the personnel policy governing the terms and conditions of the Charter School's employee's employment.

12. The proposed policy shall further provide that employees of the Charter School and the educational management organization, if applicable, shall not be voting members of the Organizer's governing body, or of any of the Organizer's advisory boards with decision-making authority delegated by the Organizer, unless such prohibition is expressly waived in writing and under such conditions as expressly set by the Director of the Office of Charter Schools.