

<h1>SEVEN GENERATIONS CHARTER SCHOOL</h1>	SECTION: LOCAL BOARD PROCEDURES
	TITLE: 009 – CONFLICT OF INTEREST
	ADOPTED: February 8, 2011
	REVISED:

Policy	<p>The Board of Trustees, Officers and employees of Seven Generations Charter School (“Seven Generations”) have a duty of loyalty to Seven Generations and to the public whose interest they are sworn to serve. The purpose of this Conflict of Interest Policy, which provides guidance and a general standard of conduct with respect to actual or apparent conflicts, is in keeping with the Pennsylvania Public Official and Employee Ethics Law and the State Legislature’s declaration that the people have the right to be assured that the financial interests of public officials and employees conflict with the public trust, and the principle which prohibits public officials and employees from entering into situations where private interests may conflict with official duties.</p> <p>The appearance of conflict of interest undermines the public confidence in the integrity of the School, its Trustees and employees, and should be scrupulously avoided.</p>
Delegation of Responsibility	<p>The Co-Coordinator and Chief Executive Officer have responsibility for administration of this policy throughout Seven Generations. It is the responsibility of all Trustees, Officers and representatives of Seven Generations to be familiar with this policy and to abide by the letter and spirit of its provisions at all times.</p>
Procedures	<p><u>DEFINITIONS</u></p> <p>The following words and phrases when used in this policy shall have, unless the context clearly indicates otherwise, the meanings given to them in this section:</p> <p>“Aggregate.” The total of all gifts received from a single source as related to statement of financial interests.</p> <p>“Authority of office or employment.” The actual power provided by law, the exercise of which is necessary to the performance of duties and responsibilities unique to a particular public office or position of public employment.</p> <p>”Business.” Any corporation, partnership, sole proprietorship, firm, enterprise, franchise, association, organization, self-employed individual, holding company, joint stock company, receivership, trust or any legal entity organized for profit.</p> <p>“Business with which he or she is associated.” Any business in which the person or a member of the person’s immediate family is a director, officer, owner, employee or has a financial interest.</p>

“Conflict” or “conflict of interest.” Use by a public official or public employee of the authority of his/her office or employment or any confidential information received through his/her holding public office or employment for the private pecuniary benefit of himself/herself, a member of his/her immediate family or a business with which he/she or a member of his/her immediate family is associated. The term does not include an action having a de minimis economic impact or which affects to the same degree a class consisting of the general public or a subclass consisting of an industry, occupation or other group which includes the public official or public employee, a member of his/her immediate family or a business with which he/she or a member of his/her immediate family is associated.

“Contract.” An agreement or arrangement for the acquisition, use or disposal by the Commonwealth or a political subdivision of consulting or other services or of supplies, materials, equipment, land or other personal or real property. The term shall not mean an agreement or arrangement between the State or political subdivision as one party and a public official or public employee as the other party, concerning his/her expense, reimbursement, salary, wage, retirement or other benefit, tenure or other matters in consideration of his/her current public employment with the Commonwealth or a political subdivision.

“De minimis economic impact.” An economic consequence which has an insignificant effect.

“Financial interest.” Any financial interest in a legal entity engaged in business for profit which comprises more than 5% of the equity of the business or more than 5% of the assets of the economic interest in indebtedness.

“Governmental body.” Any department, authority, commission, committee, council, board, bureau, division, service, office, officer, administration, legislative body or other establishment in the executive, legislative or judicial branch of a state, a nation or a political subdivision thereof or any agency performing a governmental function.

“Governmental body with which a public official or public employee is or has been associated.” The governmental body within State government or a political subdivision by which the public official or employee is or has been employed or to which the public official or employee is or has been appointed or elected and subdivisions and offices within that governmental body.

“Honorarium.” Payment made in recognition of published works, appearances, speeches and presentations and which is not intended as consideration for the value of such services which are nonpublic occupational or professional in nature. The term does not include tokens presented or provided which are of de minimis economic impact.

“Immediate family.” A parent, spouse, child, brother or sister.

“Income.” Any money or thing of value received or to be received as a claim on future services or in recognition of services rendered in the past, whether in the form of a payment, fee, salary, expense, allowance, forbearance, forgiveness, interest, dividend, royalty, rent, capital gain, reward, severance payment, proceeds from the

sale of a financial interest in a corporation, professional corporation, partnership or other entity resulting from termination or withdrawal therefrom upon assumption of public office or employment or any other form of recompense or any combination thereof. The term refers to gross income and includes prize winnings and tax-exempt income. The term does not include gifts, governmentally mandated payments or benefits, retirement, pension or annuity payments funded totally by contributions of the public official or employee, or miscellaneous, incidental income of minor dependent children.

“Indirect interest in real estate.” Any business entity the assets of which are 80% or more in real property.

“Ministerial action.” An action that a person performs in a prescribed manner in obedience to the mandate of legal authority, without regard to or the exercise of the person’s own judgment as to the desirability of the action being taken.

“Nonministerial actions.” An action in which the person exercises his/her own judgment as to the desirability of the action taken.

“Person.” A business, governmental body, individual, corporation, union, association, firm, partnership, committee, club or other organization or group of persons.

“Political subdivision.” Any county, city, borough, incorporated town, township, school district, vocational school, county institution district, and any authority, entity or body organized by the aforementioned, including Seven Generations.

“Public employee.” Any individual employed by the Commonwealth or a political subdivision, including Seven Generations, who is responsible for taking or recommending official action of a nonministerial nature with regard to:

- (1) contracting or procurement;
- (2) administering or monitoring grants or subsidies;
- (3) planning or zoning;
- (4) inspecting, licensing, regulating or auditing any person; or
- (5) any other activity where the official action has an economic impact of greater than a de minimis nature on the interests of any person.

The term shall not include individuals who are employed by this Commonwealth or any political subdivision thereof, including Seven Generations, in teaching as distinguished from administrative duties.

“Public official.” Any person elected by the public or elected or appointed by a governmental body or an appointed official in the executive, legislative or judicial branch of this Commonwealth or any political subdivision thereof, including Seven Generations, provided that it shall not include members of advisory boards that have no authority to expend public funds other than reimbursement for personal expense or to otherwise exercise the power of the State or any political subdivision thereof.

“Represent.” To act on behalf of any other person in any activity which includes, but is not limited to, the following: personal appearances, negotiations, lobbying and

submitting bid or contract proposals which are signed by or contain the name of a former public official or public employee.

“Solicitor.” A person elected or appointed to the office of solicitor for the political subdivision.

“Source.” Any person who is a provider of an item reportable when referring to statement of financial interests.

FILING A STATEMENT OF FINANCIAL INTERESTS

Who must file: The Public Official and Employee Ethics Act requires public officials and public employees to file Statements of Financial Interests.

Persons who serve as full or part-time solicitors are also required to file Statements of Financial Interests.

Where to File: Employees of county and local political subdivisions, including Seven Generations, file ONLY with the governing authority of their political subdivision.

When to File: Public employees and public officials shall file by NO later than May 1 of each year a position is held and of the year after leaving a position.

What to File: Filers are required to disclose financial information concerning the prior calendar year.

No dollar amounts are required for any of these items except for gifts and certain reportable expense payments/reimbursements. The information to be disclosed pertains only to the filer and includes:

- The name, address (work or residence), and the public position(s) sought/held by the person filing.
- The occupation or profession of the filer.
- Real estate interests in which the Commonwealth or a political subdivision is involved.
- Creditors: the name and address of the creditor and the interest rate for each debt in excess of \$6,500. Mortgages secured by the principal or secondary residence of the filer and loans extended between members of the immediate family need not be listed.
- Sources of income: the name and address of each *direct or indirect source of income* totaling \$1,300 or more. Include the governmental body(ies) served, employers, and all other sources of income (gross income) meeting the applicable disclosure threshold. Include any payment, fee, salary, expense, allowance, forbearance, forgiveness, interest, dividend, royalty, rent, capital gain, reward, severance payment, prize winnings, and tax exempt income.

DO NOT INCLUDE: gifts; governmentally mandated payments/benefits; or retirement, pension or annuity payments funded totally by contributions of the official/employee.

- Gifts: The name and address of each source of gift(s) of \$250 or more in the aggregate and the value and circumstances (including a description) of each such gift. Gifts from family members and certain friends are exempt.
 - A gift is defined as anything that is received without consideration of equal or greater value, excluding (1) political contribution(s) otherwise reportable as required by law; (2) commercially reasonable loan(s) made in the ordinary course of business; or (3) hospitality, transportation or lodging.
- Transportation, Lodging or Hospitality Expenses: The name and address of the source and the amount of each payment/reimbursement by the source for actual transportation, lodging or hospitality expenses received in connection with the public position where such payments/reimbursements exceed \$650 in an aggregate amount for the reporting year. The filer is not required to report payments/reimbursements made by a governmental body or an organization/association of political subdivisions in which the filer serves in an official capacity.
 - The term “hospitality” is defined to include meals, beverages, and recreation or entertainment. It does not include gifts, transportation, or lodging.
- Any office, directorship or employment of any nature whatsoever in any business entity, regardless of compensation.
- Any financial interest in any legal entity engaged in business for profit.
 - The term “financial interest,” is defined as “[a]ny financial interest in a legal entity engaged in business for profit which comprises more than 5% of the equity of the business or more than 5% of the assets of the economic interest in indebtedness.” 65 Pa.C.S. § 1102
- The name and address and financial interest (see, definition above) held in a business which has been transferred to a member of the filer’s immediate family (parent, spouse, child, brother, sister) during the prior calendar year.

Penalty for the Failure to File: Any person who fails to file a Statement of Financial Interests as required by the Ethics Act may be found guilty of a misdemeanor and may be fined not more than \$1,000.00 or imprisoned for not more than one year or be both fined and imprisoned. No public official shall be allowed to take the oath of office, enter or continue upon his/her duties, or be compensated from public funds unless he/she has complied with the requirements of the Ethics Act for filing Statements of Financial Interests. Any public official or employee who is required to file a statement and does not do so or who files a deficient statement may be penalized up to \$25 per day for each day said statement is delinquent or deficient, for a maximum of \$250.

Public Inspection and Copying: All Statements of Financial Interests filed pursuant to the provisions of the Ethics Act shall be made available for public inspection and copying during regular office hours, and copying facilities shall be made available at a charge not to exceed actual cost.

RESTRICTED ACTIVITIES

The Public Official and Employee Ethics Act sets forth certain restricted activities in which public officials and employees may not engage. These restrictions provide the basis upon which many Ethics Commission rulings are issued.

Restricted Activities under the Ethics Act:

(a) **Conflict of Interest** — No public official or public employee shall engage in conduct that constitutes a conflict of interest. A conflict of interest is defined as use by a public official or public employee of the authority of his/her office or employment or any confidential information received through his/her holding public office or employment for the private pecuniary benefit of himself/herself, a member of his/her immediate family, or a business with which he/she or a member of his/her immediate family is associated. “Conflict” or “conflict of interest” does not include an action having a de minimis economic impact or which affects to the same degree a class consisting of the general public or a subclass consisting of an industry, occupation or other group which includes the public official or public employee, a member or his/her immediate family or a business with which he/she or a member of his/her immediate family is associated.

(b) **Seeking Improper Influence** — No person shall offer or give to a public official, public employee or a member of his/her immediate family or a business with which he/she is associated, anything of monetary value, including a gift, loan, political contribution, reward or promise of future employment based on the offeror’s or donor’s understanding that the vote, official action or judgment of the public official or public employee would be influenced thereby.

(c) **Accepting Improper Influence** — No public official or public employee shall solicit or accept anything of monetary value, including a gift, loan, political contribution, reward, or promise of future employment based on any understanding of that public official or public employee that the vote, official action, or judgment of the public official or public employee or nominee or candidate for public office would be influenced thereby.

(d) **Honorarium** — No public official or public employee shall accept an honorarium.

(e) **Contingent and Severance Payments** —

(1) No person shall solicit or accept a severance payment or anything of monetary value contingent upon the assumption or acceptance of public office or employment.

(2) This subsection shall not prohibit:

(i) Payments received pursuant to an employment agreement in existence prior to the time a person is appointed for public office or makes application for public employment.

(ii) Receipt of a salary, fees, severance payment or proceeds resulting from the sale of a person’s interest in a corporation, professional corporation, partnership or other entity resulting from termination or withdrawal therefrom upon the assumption or acceptance of public office or employment.

(3) Payments made or received pursuant to paragraph (2)(i) and (ii) shall not be based on the agreement, written or otherwise, that the vote or official action of the prospective public official or employee would be influenced thereby.

(f) **Contract** — No public official or public employee or his/her spouse or child or any business in which the person or his/her spouse or child is associated shall enter into any contract valued at \$500 or more with the governmental body with which the public official or public employee is associated or any subcontract valued at \$500 or more with any person who has been awarded a contract with the governmental body with which the public official or public employee is associated, unless the contract has been awarded through an open and public process, including prior public notice and subsequent public disclosure of all proposals considered and contracts awarded. In such a case, the public official or public employee shall not have any supervisory or overall responsibility for the implementation or administration of the contract. Any contract or subcontract made in violation of this provision shall be voidable by a court of competent jurisdiction if the suit is commenced within 90 days of the making of the contract or subcontract.

(g) **Former Official or Employee** — No former public official or public employee shall represent a person, with promised or actual compensation, on any matter before the governmental body with which he/she has been associated for one year after he/she leaves that body.

(h) **Misuse of Statement of Financial Interests** — No person shall use for any commercial purpose information copied from Statements of Financial Interests required by the Ethics Act or from lists compiled from such statements.

(i) **Voting Conflict** — Where voting conflicts are not otherwise addressed by the Constitution of Pennsylvania or by any law, rule, regulation, order or ordinance, the following procedure shall be employed. Any public official or public employee who in the discharge of his/her official duties would be required to vote on a matter that would result in a conflict of interest shall abstain from voting and, prior to the vote being taken, publicly announce and disclose the nature of his interest as a public record in a written memorandum filed with the person responsible for recording the minutes of the meeting at which the vote is taken, provided that whenever a governing body would be unable to take any action on a matter before it because the number of members of the body required to abstain from voting under the provisions of this section makes the majority or other legally required vote of approval unattainable, then such members shall be permitted to vote if disclosures are made as otherwise provided herein. In the case of a three-member governing body of a political subdivision, where one member has abstained from voting as a result of a conflict of interest and the remaining two members of the governing body have cast opposing votes, the member who has abstained shall be permitted to vote to break the tie vote if disclosure is made as otherwise provided above.

****For Seven Generations Charter School, any reference to voting in this Conflict of Interest Policy takes into consideration the Formal Consensus process that Seven Generations Charter School uses for all official action by the Board of Trustees.**

Other Activities Restricted at Seven Generations:

The Seven Generations' Board of Trustees, Officers and employees shall also be restricted from engaging in the following activities:

- (a) Use confidential information, as defined by the Sunshine Act or the Board of Trustees, concerning property, personnel matters, or affairs of Seven Generations or its employees to advance the financial or other private interests of the Trustee, employee or others; nor shall Trustees and employees disclose confidential information except as directed by the Board of Trustees or a court of law. Nothing in this provision shall be interpreted as prohibiting the practice of "whistle-blowing."
- (b) Solicit directly from other Trustee or employees, students or their parents, anything of value for the Trustee's or employee's personal benefit.
- (c) Purchase property of any kind from Seven Generations, either directly or indirectly, except in a manner approved by the Board for the particular sale involved, unless 1) there is an open and public bid process, including public notice and subsequent public disclosures of all bids considered and contracts awarded, and 2) the Trustee or employee did not act in an official capacity in connection with the sale, and 3) the Trustee or employee was not privy to nonpublic information received in the course of his/her office or employment.
- (d) Use Seven Generations' name as leverage to enhance personal opportunities when dealing with others in political, investment, or retail purchasing activities.
- (e) Participate in the review and approval of publications or materials for Seven Generations' purchase if the Trustee or employee is the author/editor of or has any financial interest in the sale of such publications or materials.
- (f) Refer a Seven Generations parent or student to a service, service provider or product in return for anything of value. Employees making referrals as part of their official duties shall make referrals to more than one provider of any nonunique service or product. For example, Seven Generations' counselors shall refer parents or students to more than one counselor or provider of medical services where comparably qualified persons are available.
- (g) Advertise business or professional activities on Seven Generations' property or use Seven Generations' work hours, property or services to perform or promote personal or commercial enterprises or to campaign or raise money for any candidates for political office.
- (h) Engage in Improper Transactions and Payments -- It is commonly recognized that there is a direct correlation between illegal or improper payments and inaccurate records. To guarantee the accuracy of Seven Generations' books and records, the following principles shall be observed:
 - (1) All transactions or conduct of Seven Generations business shall be properly reflected in Seven Generations' books;

- (2) Unrecorded funds, money or other assets of Seven Generations shall not be established or maintained;
- (3) Any payment is prohibited if no record of its disbursement is entered in Seven Generations' accounting records; and
- (4) False and/or fictitious entries in the books or records of Seven Generations or issuing false or misleading documents shall be prohibited.

(i) Trustees and Officers should carefully scrutinize outside employment to avoid potential conflicts of interest and with regard to employees also. Specifically, no employee or Trustee shall tutor or counsel as a private enterprise, for compensation, pupils assigned to any class of Seven Generations to which the employee is assigned. Employees may tutor or counsel pupils enrolled in other schools unless such private enterprise conflicts with or impairs the proper discharge of official duties.

(j) Voting conflict – Where voting conflicts are not otherwise addressed by the Constitution of Pennsylvania or by any law, rule, regulation, order or ordinance, the following procedure shall be employed. Any public official or public employee who in the discharge of his official duties would be required to vote on a matter that would result in a conflict of interest shall abstain from voting and, prior to the vote being taken, publicly announce and disclose the nature of his interest as a public record in a written memorandum filed with the person responsible for recording the minutes of the meeting at which the vote is taken, provided that whenever a governing body would be unable to take any action on a matter before it because the number of members of the body required to abstain from voting under the provisions of this section makes the majority or other legally required vote of approval unattainable, then such members shall be permitted to vote if disclosures are made as otherwise provided herein.

ADDITIONAL POLICY PROVISIONS

Conflict of Interest Resolution

(a) In the event that a question of conflict of interest or the appearance of conflict of interest arises, a Trustee or employee should apprise a Co-Coordinator in the case of a Trustee or the Chief Executive Officer in the case of an employee, and the Co-Coordinator who will investigate and report the fact of the inquiry and results of his investigation to the Board of Trustees for resolution.

(b) A person who serves as an administrator for Seven Generations shall not receive compensation from another charter school or from a company that provides management or other services to another charter school in accordance with the Public School Code of 1949, 24 P.S. 17-1715-A.

(1) "Administrator" shall include the Chief Executive Officer and all other employees who by virtue of their positions exercise management or operational oversight responsibilities.

(2) A person who serves as an administrator shall be a public official under 65 PA.C.S. Ch. 11.

	<p>(3) A violation of this provision shall constitute a violation of 65 PA.C.S. § 1103 (a) and the violator shall be subject to the penalties imposed under the jurisdiction of the state ethics commission.</p> <p>(c) All violations of the foregoing policy are subject to appropriate censure or disciplinary action, including termination of employment and any penalties as prescribed by law.</p> <p>(d) Any contract or subcontract made in violation of this policy shall be voidable by the Board of Trustees and subject to termination for the Board’s convenience.</p>
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