



TENNESSEE HIGHER EDUCATION COMMISSION

CONSENT CALENDAR ITEM: II.B.

MEETING DATE: May 11, 2023

SUBJECT: Human Resources and Legal & Regulatory Policies
LR5.2 – Conflict of Interest Disclosure Policy for Commission Staff

ITEM TYPE: Action

ACTION RECOMMENDATION: Approval

BACKGROUND

THEC Legal & Regulatory Policy 5.2 – Conflict of Interest Disclosure Policy for Commission Staff addresses the conflict of interest disclosure policy of Tennessee Higher Education Commission employees.

The proposed revisions were completed in order to clarify that the policy applies to all employees, including full-time, part-time, direct contract, subcontract, volunteer, or intern employees, align THEC policies with Tennessee Student Assistance Corporation (TSAC) policies, improve readability, delete the disclosure form from the policy, and direct Human Resources to maintain and collect an annual disclosure form.

Attachment A provides a redlined version of the policy and Attachment B provides a clean version of the proposed changes.

ATTACHMENT A: REDLINED VERSION OF PROPOSED CHANGES

Section Title: Legal ~~and &~~ Regulatory

Policy Title: Conflict of Interest Disclosure Policy for Commission Staff

Policy Number: LR5.2

5.2.1 **PURPOSE:** This policy addresses the conflict of interest disclosure policy for Tennessee Higher Education Commission (THEC) employees.

5.2.2 **APPLICATION:** This policy applies to all employees serving in a direct or indirect full-time, part-time, direct contract, subcontract, volunteer, or intern employment of THEC.

5.2.3 **DEFINITIONS:** “Direct interest” means any contract to provide goods or services to the Commission THEC as a result of a bid process or any other business transaction with a:

(a) Commission THEC sStaff person;

(b) a relative of a Commission THEC sStaff person;

(c) a business in which a Commission THEC sStaff member person is:

(i) the sole proprietor;

(ii) a partner; or

(iii) the person having the controlling ownership or control of the largest numbers of outstanding shares owned by any single individual or corporation.

“Indirect interest” means any contract in which THEC staff person is interested but not directly so, but includes contracts where the THEC staff person is directly interested but is the sole supplier of goods or services.

“Relative” includes spouse, parents, siblings, or children.

“Disclosure form” means the form maintained and collected annually by Human Resources at THEC for THEC staff persons to disclose any direct or indirect interests per this policy.

5.2.15.2.4 **POLICY:** (1) It shall be inappropriate for a Commission THEC sStaff member

person to have a direct interest in any contract ~~the Commission~~THEC has entered into for goods or services as a result of a bid process or any other business transaction with ~~the Commission~~THEC. Additionally, it shall be inappropriate for ~~Commission~~THEC ~~s~~Staff to be indirectly interested in any such contract or business transaction unless the ~~Commission~~THEC ~~s~~Staff member publicly acknowledges his/her interest.

~~(2)~~ ~~Commission~~THEC ~~s~~Staff shall disclose any of the following interests:

- (a) Any indirect interest in any contract or other business transaction with ~~the Commission~~THEC;
- (b) Any interest in any contract or other business transaction with any higher education institution which is coordinated by, contracted by, contracted with, or authorized by ~~the Commission~~THEC; and
- (c) Any indirect interest created by a relative who has (to the extent ~~Commission~~THEC ~~s~~Staff is aware) any contract or business transaction with ~~the Commission~~THEC or with any higher education institution which is coordinated by, contracted by, contracted with, or authorized by ~~the Commission~~THEC.

~~5.2.2~~ _____

~~(3) "Direct interest" means any contract to provide goods or services to the Commission as a result of a bid process or any other business transaction with a:~~

- ~~(a) Commission Staff person;~~
- ~~(b) a relative of a Commission Staff person;~~
- ~~(c) a business in which a Commission Staff member is:~~
 - ~~(i) the sole proprietor;~~
 - ~~(ii) a partner; or~~
 - ~~(iii) the person having the controlling ownership or control of the largest numbers of outstanding shares owned by any single individual or corporation.~~

~~(4) "Indirect interest" means any contract in which Commission Staff person is interested but not directly so, but includes contracts where the Commission Staff person is directly interested but is the sole supplier of goods or services.~~

~~(5) "Relative" includes spouse, parents, siblings, or children.~~

~~5.2.35.2.5~~ ~~(6)~~**PROCEDURE:** —In the event a ~~Commission~~THEC ~~s~~Staff person identifies any conflict covered by this policy, he/she shall immediately notify the Executive Director. The Executive Director may determine that such ~~Commission~~THEC ~~s~~Staff person should not work on material related to such interests. Such interests shall

be disclosed to ~~the Commission~~THEC regardless of whether the ~~Commission~~THEC ~~s~~Staff person is relieved of working on the matters in question.

~~(7)~~The basic underlying principle in conflict of interest is that ~~Commission~~THEC ~~s~~Staff ~~person~~ should disclose any activity, investment, or interest that might reflect unfavorably upon ~~the Commission~~THEC, using the disclosure form. Because of the sensitive nature of ~~the Commission's~~THEC's relationship with all of the postsecondary institutions, as well as the General Assembly, it is important that ~~s~~Staff persons resolve questions of conflict of interest by disclosure. Any activity which might constitute, or be perceived to constitute, a prohibited conflict should be fully reported. Full disclosure of any situation in doubt should be made.

~~(8)~~The conflict of interest form must be filed within thirty (30) days after the Commission's regular ~~s~~Spring meeting, but in no case shall it be filed later than June 1. In the case of a ~~s~~Staff person ~~is~~ appointed to ~~the Commission~~THEC staff after the ~~s~~Spring meeting, the newly appointed ~~s~~Staff person shall file a conflict of interest statement no later than thirty (30) days after the first Commission meeting following his/her appointment.

~~(9)~~ ~~Commission~~THEC ~~s~~Staff shall amend their respective disclosure because of termination or acquisition of interests of which disclosure is required.

Approved: January 31, 1992

Revised: April 15, 2004; July 27, 2006; May 11, 2023

Revised: ~~July 27, 2006~~

**TENNESSEE HIGHER EDUCATION COMMISSION DISCLOSURE STATEMENT
FOR INDIRECT INTERESTS OF COMMISSION STAFF**

~~I, the undersigned Staff member of the Tennessee Higher Education Commission, in order to assure that any appearance of conflict of interest is avoided, and in order to assure that any indirect interests are publicly acknowledged, hereby make the following statements and assurances:~~

~~I am related to the following employees of the Tennessee Higher Education Commission or any official of any corporation, partnership, sole proprietorship, association, institution of higher education or other entities which do business with, are licensed by, or are otherwise involved with the Tennessee Higher Education Commission:~~

~~I am employed or professionally affiliated with the following corporation, partnerships, sole proprietorships, associations, institutions of higher education or any other entities which are licensed by the Tennessee Higher Education Commission:~~

~~I have an ownership interest in or serve on the Board of the following corporations, partnerships, sole proprietorships, associations, institutions of higher education or other entities which, to my knowledge, do business with postsecondary institutions coordinated or licensed by the Tennessee Higher Education Commission:~~

~~In my household and among my dependents, to my knowledge, the following individuals have an ownership interest as stated in Number 3 above:~~

~~I am currently the recipient of the following grants administered by the Tennessee Higher Education Commission:~~

~~I hereby certify that if, during my tenure this year on the Tennessee Higher Education Commission staff, I become directly or indirectly interested as an owner, employee or affiliated as described in Number 1-5 above, or if there is any change in the information provided in this statement, I shall immediately disclose such information to the Tennessee Higher Education Commission. The accuracy of this statement will be reviewed within thirty (30) days after the Commission's regular Spring meeting, but no later than June 1.~~

~~By my signature below, I affirm that all of the above statements are true to the best of my knowledge and belief.~~

~~{Signature}~~

~~{Date}~~

ATTACHMENT B: CLEAN VERSION OF PROPOSED CHANGES

Section Title: Legal & Regulatory

Policy Title: Conflict of Interest Disclosure Policy for Commission Staff

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- (b) a relative of a THEC staff person;
- (c) a business in which a THEC staff person is:
 - (i) the sole proprietor;
 - (ii) a partner; or
 - (iii) the person having the controlling ownership or control of the largest numbers of outstanding shares owned by any single individual or corporation.

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“Disclosure form” means the form maintained and collected annually by Human Resources at THEC for THEC staff persons to disclose any direct or indirect interests per this policy.

5.2.4 **POLICY:** It shall be inappropriate for a THEC staff person to have a direct interest in any contract THEC has entered into for goods or services as a result of a bid process or any other business transaction with THEC. Additionally, it shall be

inappropriate for THEC staff to be indirectly interested in any such contract or business transaction unless the THEC staff member publicly acknowledges his/her interest.

THEC staff shall disclose any of the following interests:

- (a) Any indirect interest in any contract or other business transaction with THEC;
- (b) Any interest in any contract or other business transaction with any higher education institution which is coordinated by, contracted by, contracted with, or authorized by THEC; and
- (c) Any indirect interest created by a relative who has (to the extent THEC staff is aware) any contract or business transaction with THEC or with any higher education institution which is coordinated by, contracted by, contracted with, or authorized by THEC.

5.2.5 **PROCEDURE:** In the event a THEC staff person identifies any conflict covered by this policy, he/she shall immediately notify the Executive Director. The Executive Director may determine that such THEC staff person should not work on material related to such interests. Such interests shall be disclosed to THEC regardless of whether the THEC staff person is relieved of working on the matters in question.

The basic underlying principle in conflict of interest is that THEC staff should disclose any activity, investment, or interest that might reflect unfavorably upon THEC, using the disclosure form. Because of the sensitive nature of THEC's relationship with all of the postsecondary institutions, as well as the General Assembly, it is important that staff persons resolve questions of conflict of interest by disclosure. Any activity which might constitute, or be perceived to constitute, a prohibited conflict should be fully reported. Full disclosure of any situation in doubt should be made.

The conflict of interest form must be filed within thirty (30) days after the Commission's regular spring meeting, but in no case shall it be filed later than June 1. In the case of a staff person appointed to THEC staff after the spring meeting, the newly appointed staff person shall file a conflict of interest statement no later than thirty (30) days after the first Commission meeting following his/her appointment.

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