

Brothers, Sheila C

From: Deaton, Marcy
Sent: Wednesday, April 11, 2007 3:21 PM
To: Brothers, Sheila C
Subject: GR
Attachments: GR - Part I - Financial Advantage and Campus Sales.doc

Sheila,

The proposed revisions are found on pages 9-11, 13-14.

The first revision is related to a statutory change that occurred in the recent legislative session (Financial Advantage), and the other revisions are sections that were inadvertently omitted from the GR the last time the GRs were overhauled (Solicitation of Funds, Campus Sales).

The legislation is Senate Bill 130, which creates a new section of KRS Chapter 164. The new section permits the governing boards of public postsecondary institutions to adopt regulations establishing the conditions under which and the procedures whereby an employee may have an interest in a contract between the institution and a business.

Marcy

Office of Legal Counsel

301 Main Building
Lexington, Kentucky 40506-0032
(859) 257-2936

an informed judgment about a particular activity and require appropriate oversight, limitations, or prohibitions in accord with this policy. It is important to remember that each relationship is different, and many factors often will need to be considered to determine whether a conflict of interest exists.

(k) Auditing Services

To effectively discharge their fiduciary and administrative responsibilities, the University's administration and the Board of Trustees are assisted by internal and external (independent) auditing services. These services provide independent, objective assurances and consulting services with respect to evaluating risk management, control, and governance processes. It is a violation of University policy to mislead or give false information to or intentionally omit material facts from internal or external (independent) auditor(s).

(l) Financial Advantage

Members of the University community must exhibit personal integrity, honesty and responsibility in all actions. Official position or office shall not be used to obtain financial gain or benefits for oneself or members of one's family or business associates. Any action that creates the appearance of impropriety should be avoided. Except as specifically approved by the Board, purchases and contracts shall not be made with an employee of the University of Kentucky for any item of supply, equipment, or service, nor may an employee have any interest, directly or indirectly, in any purchase made by the University of Kentucky (*Business Procedures Manual B.2.C*). An indirect interest may be defined as a real or perceived use of a university position or office with respect to a purchase or contract, leading to financial or other benefits to the individual or a member of his or her family. An indirect interest includes situations where a business owned or controlled by a family member does business with the University area where the employee is assigned.

An employee seeking approval under this section shall first make an application to the University Ethics Committee by submitting in writing a full disclosure of all aspects of his or her relationship with the contracting company or business. The Ethics Committee shall make a recommendation to the President who shall forward to the Board the Committee's recommendation together with his or her recommendation. In recommending approval of a contractual relationship, the Committee shall determine that:

1. the contractual relationship is in the best interest of the University;
2. the employee has taken whatever actions are necessary to avoid any conflict of interest or any appearance of a conflict of interest;
3. if the conflict is subject to the provision of KRS Chapter 45A, the employee's contract shall be the lowest price bid or otherwise provides the best value to the University;
4. the employee's interest in the contract does not present a conflict with he employee performing the duties of his or her job; and,

5. the nature of the contract and the nature of the employee's interest in the contract or business shall be fully disclosed to the University community by as broad communications as feasibly possible.

Action taken by the Board shall be in open session, by affirmative vote. The action item shall fully disclose the nature of the conflict, and the reasons for the action.

(m) Acceptance of Gifts or Benefits

University members' decisions and actions should be based on the best interest of the University. No member should accept any type of reward, monetary or non-monetary, if there is an explicit or implicit assumption that influence has been exchanged for the favor. When no favor is asked for or gained, gifts of nominal value or moderate acts of hospitality, such as meals, in relation to one's position with the University may be accepted. The following guidelines should be observed:

- Gifts or acts of hospitality valued up to \$50 annually from any one source need not be reported
- Gifts or acts of hospitality valued between \$50 to \$200 should be reported to the supervisor prior to acceptance
- Acts of professionally related hospitality above \$200 must be specifically justified and reported through the chain of command. Written approval for acceptance must be provided by the Provost or executive vice president, in advance.
- Individuals may not accept gifts valued above \$200. These gifts or benefits acknowledged and accepted on behalf of the University should be directed to the Executive Vice President for Finance and Administration, where they can be acknowledged and accepted on behalf of the University.

(n) Clarifications and Reporting Violations

Like all policies, this policy could not possibly cover all possible situations. When any doubt about the propriety of an action exists, the University's policy requires a full and frank disclosure to an appropriate individual with sufficient authority to address the matter. For interpretation, counsel or advice regarding this policy, contact the Office of Legal Counsel.

3. University members are expected to report violations of this policy to an appropriate individual. The University will not tolerate any retaliation against a University member who makes a good faith report of a violation.

E. Kentucky Ethics Statutes

1. Unless specifically approved by the Board, nNo employee of the University shall be directly or indirectly interested in any contract with the University for the sale of property, materials, supplies, equipment, or services, with the exception of compensation to the two (2)

faculty members and the one (1) staff employee who are members of the Board of Trustees. (KRS 164.131)

2. No member of a board of trustees shall have an interest in any contract with a state university unless such contract shall have been subjected to competitive bidding in compliance with KRS Chapter 45A, unless such trustee shall have been the lowest bidder and unless such trustee shall have first notified in writing the remaining members of the board, and to the newspaper having the largest circulation in the county in which the state university is located, of his intention to bid on such contract. (KRS ~~45A.340~~(45A.340 (7)))

F. Diversity

The University is committed to diversity as a vital characteristic of an optimal education and workplace. The University maintains a firm conviction that it must strengthen the diversity of its communities, support free expression, reasoned discourse and diversity of ideas; and take into account a wide range of considerations, including but not limited to, ethnicity, race, disability, and sex, when making personnel and policy decisions. The University is committed to periodically evaluating progress made toward diversity and to communicating the results of such evaluations. Based upon these assessments, the University will give diversity factors consideration to ensure achievement of its mission of instruction, research and service and gain the broadest benefits for the University community.

G. Shared Governance

The diverse expertise collectively available to the University in its faculty, administration, staff employees, and students is a valuable resource. The University as a whole will be able to function at maximum effectiveness where there is an environment in which the sharing of this expertise is valued and promoted. If this expertise is shared, it will enable policy-makers at every level of the organization to make better decisions. To achieve this objective in an environment of shared governance, faculty bodies and administrators will reciprocally solicit and utilize the expertise of the other as each makes decisions in their respective areas of policy-making authority. Through these empowering processes of shared governance, the administration, faculty members, staff employees and students all share the responsibility of attainment of the University's goals.

H. Civic Responsibility of the Individual

In their roles as citizens, staff employees and faculty members have the same freedoms as other citizens, without institutional censorship or discipline, although they should be mindful that accuracy, forthrightness, and dignity befit their association with the University. (Also see D., above.) When staff employees or faculty members speak or write as citizens, they should indicate that they are not speaking for the University.

I. Order of Communication and Reports

University facilities may be used by registered student organizations for meetings with a candidate or candidates for public office when meetings are open in attendance to students, faculty members, and staff employees of the University.

In accordance with the Constitution of the Commonwealth of Kentucky, the decisions of the United States Supreme Court, and the opinions of the Office of the Attorney General to the Commonwealth of Kentucky, University facilities shall not be used to advance or inhibit religion.

L. Smoke-Free Policy

Kentucky Revised Statute 61.165 requires the Board of Trustees to adopt a written policy related to smoking in buildings owned, operated, or under the jurisdiction of the University. Smoking is generally prohibited in all University owned, operated, leased or controlled buildings, and enclosed walkways or bridges. Smoking is also prohibited within a reasonable distance from building entrances, exits, air intake ducts, and windows. The President is delegated authority to promulgate an appropriate *Administrative Regulation*.

M. Solicitation of Funds

Various charitable organizations desire, from time to time, to conduct on-campus solicitations of contributions from faculty and staff. These charitable solicitations are generally carried out (1) through use of University mail service, (2) through use of University email systems, and (3) through access to the payroll deduction system.

The University does not intend to convert its mail service, its email systems, or its payroll process into either a limited or unlimited public forum, but prefers to maintain its systems as a non-public forum.

The following criteria will be applied by the President in determining which, if any, charitable agencies will be permitted to engage in the on-campus solicitation of faculty and staff:

1. Whether the charity maintains an affirmative action plan.
2. In cases where access to the payroll deduction is involved, whether the charity can demonstrate that at least thirty percent of the on-campus, University employees have given to the charity in four out of five years or that thirty percent of the on-campus, University employees intend to give to the charity in the current year.
3. In cases of federated or "umbrella" charities, whether the charity provides a health or human service in Fayette County or the University and the extent of such service in the local area.
4. Whether the charity maintains a local office or service center.
5. Whether the charity maintains a reasonable ratio (not more than 15% for administration and fund raising) of administrative expenses to program expenses.

6. In the case of federated or "umbrella" charities, whether the charity makes it a practice to submit to an annual review by local citizens of financial and program activity.

7. Whether the charity maintains, from year to year, an active board of local volunteers.

8. In the case of federated or "umbrella" charities, whether the federated charity requires its recipient agencies to maintain operational standards in order to maintain their status as recipients.

9. Require an annual audit and that the charity receives an unqualified audit opinion.

10. Whether the charity is a non-profit organization.

11. Whether the charity provides services on an annual basis to employees and students of the University.

N. Campus Sales

Solicitations for subscriptions, sales of merchandise of any kind whatsoever, publications, or services upon University property other than by the regularly authorized stores, food service places, departments, or divisions of the University are prohibited except upon written permission of the Dean of Students.

Any person violating these provisions shall be subject, upon proper notice, to eviction from the University property.