

# Houston County Board of Education

Monitoring: <b>Review: Annually, in September</b>	Descriptor Term:  <h2 style="text-align: center;">Board Member Conflict of Interest</h2>	Descriptor Code: <b>1.107</b>	Issued Date: <b>05/08/23</b>
		Rescinds: <b>BHA</b>	Issued: <b>07/08/13</b>

*General*

State law provides specific instances when direct or indirect conflicts of interest may affect a board member's ability to vote on certain matters.

Direct conflicts of interest may arise if the school district contracts with a board member or with a business in which the board member is a sole proprietor, partner, or person having a controlling interest.<sup>1</sup>

Indirect conflicts of interest may arise if a board member votes on a matter involving a situation that a reasonable person would infer affects his/her personal finances indirectly. If a board member has a direct interest but is the sole supplier of goods or services in the city or county, he/she would be considered indirectly interested in the matter.<sup>2</sup>

**DIRECT CONFLICT OF INTEREST<sup>1</sup>**

A board member shall not be directly interested in any contract in which the Board may be interested.

If there is a pre-existing contract that predates the board member's election to the Board, the board member shall refrain from voting or discussing any matter related to that contract since he/she has a direct interest. Upon expiration, the contract shall not be renewed by the Board.<sup>3</sup>

This policy shall not prohibit any board member from voting on the school budget or any budget amendments, unless the vote is on a specific budget amendment in which such board member is directly interested.

**INDIRECT CONFLICT OF INTEREST<sup>2</sup>**

A board member shall not be indirectly interested in any contract in which the Board may be interested unless the board member publicly acknowledges such interest. The disclosure of this interest shall be made at the board meeting in which the Board is taking action on the contract. A board member with an indirect interest is not required to refrain from voting on the contract.

**PENALTY FOR UNLAWFUL INTEREST<sup>3</sup>**

If a board member becomes directly or unlawfully indirectly interested in any such contract, he/she shall forfeit all compensation he/she shall also be dismissed from the Board and be ineligible to serve in the same or similar position for ten (10 ) years.

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Legal References

1. TCA 12-4-101(a); Op. Tenn. Att’y Gen. No. 10-46
2. TCA 12-4-101(b)
3. Op. Tenn. Att’y Gen. No. 99-209
4. TCA 12-4-101(a)(1)
5. TCA 12-4-102

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Cross References

Code of Ethics 1.106  
Duties of Board Members 1.202