



POLICY 232

I. PURPOSE

- A. Lakes International Language Academy (the “School”) maintains written standards of conduct covering conflicts of interest and governing the actions of its board members, employees and responsible persons engaged in the selection, award and administration of contracts.
- B. This policy supplements the Conflict of Interest Policy found in Article VII of the bylaws of the School.
- C. These two documents serve to protect the School’s interest when it is considering entering into transactions or arrangements that might benefit the private interest of a responsible person, including a school board member, committee member, or key school employee, including their immediate family members (see below).
- D. No employee, board member, officer, or agent may participate in the selection award, or administration of a contract if he or she has a conflict of interest.
- E. Such conflicts of interest arise when the employee, board member, officer, or agent or any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or fiduciary interest or a tangible personal benefit from a firm considered for contract. The interest or benefit is of such an amount that is considered substantial and/or influential. Refer to Policy 104 *Gifts to Employees*.

II. DEFINITIONS

- A. Fiduciary interest: refers to relationships between two nonprofit entities where one member serves on both boards
- B. Financial interest: refers to relationships that directly or indirectly benefit a person by financial gain and in a significant enough amount that it could affect the judgment of the person; it includes all forms of compensation
- C. Family member: spouse, domestic partner, parent, child, or spouse of child, brother, sister, or spouse of a brother or sister, of a person named in section I. above.
- D. Responsible person: refers to school board members, committee members, key school employees, and others who award contracts or enter into business arrangements with other organizations
- E. Key school employee: includes school executive director, director, chief financial officer, program directors and coordinators, department heads, and any others who award contracts or make decisions about entering into business arrangements with other entities

III. PROCEDURES

- A. The school board shall, at the beginning of each of its meetings, ask for disclosure of any conflicts of interest or potential conflicts of interest based on the meeting agenda.
 - 1. Members are encouraged to err on the side of caution.
 - 2. The conflict of interest disclosure arises from the board member’s legal duty of loyalty.

3. If a board member is not present at a meeting where he or she has or may have a conflict of interest, the board chair shall make the disclosure on the absent member's behalf.
- B. The school board shall then review any disclosures:
1. to determine whether or not the disclosure is a conflict of interest, and
 2. to determine whether or not to allow the interested party to remain in the room for the discussion of the agenda item, and
 3. disclosures and determinations shall be recorded in the minutes.
- C. Members determined to have a conflict of interest and who are allowed to remain for the discussion of the agenda item may only contribute to the board's discussion by presenting material facts and responding to questions. Such a person shall not attempt to influence the matter either at or outside of the meeting.
- D. Members determined to have a conflict of interest may not vote and must leave the room for the vote. Members with a conflict of interest shall not be counted in determining the presence of a quorum for purposes of the vote.
- E. Because the School is a charter school and Minnesota charter school law requires a teacher on the board of directors, conflicts of interest regarding compensation are handled differently.
1. Members must disclose their conflict of interest but may vote on the matter if it is determined that the board has enough outside data to support the compensation levels voted upon.
 2. Outside data may include:
 - a) compensation levels of employees in similar positions in surrounding districts or other charter schools
 - b) job offers an employee has received from an outside organization for a similar position
 - c) compensation survey data collected by outside firms
 - d) data provided by the school's audit firm
 - e) other appropriate financial data
- F. No charter school employee or board member may serve on the board or decision-making committee of the school's authorizer. An employee or school board member must disclose to the school's board of directors any paid compensation they receive from the school's authorizer.
- G. An individual is prohibited from serving on more than one charter school board at the same time in either an elected or ex-officio capacity, except that an individual serving as an administrator serving more than one school under section 124E.12, subdivision 2, paragraph (f), may serve on each board as an ex-officio member.
- H. The Executive Director or designee will disclose in writing any potential conflict of interest to the Chief Financial Officer of the Minnesota Department of Education, per federal CFR 200.112.

IV. DISCIPLINARY ACTION

- A. School board members, employees, or agents of the school who violate this policy may be subject to disciplinary action.
- B. Violations include, but are not limited to, concealing a conflict of interest and willful failure to declare a conflict of interest.
- C. The forms of discipline that may be imposed for school board members include, but are not limited to:
 - 1. oral warning;
 - 2. written warning or reprimand;
 - 3. probation;
 - 4. disciplinary suspension, demotion from board executive office and/or task force or committee chair, or leave of absence;
 - 5. removal from a task force or committee;
 - 6. removal from the school board;
 - 7. monetary remuneration of expenses associated with the violation or correction of the violation;
 - 8. other forms of discipline, including any combination described in IV.c. above, may be imposed if in the judgment of the school board, another form of discipline will better accomplish the school's objective of stopping or correcting the violation. The forms of discipline listed in IV.c. above are not progressive; any of them or any combination of them may be imposed by the school board.
- D. For school employees who are not board members and for agents of the school, Policy 202 *Discipline, Suspension and Dismissal of School Employees* will be in effect.

V. PROCEDURES FOR ADMINISTERING DISCIPLINARY ACTION

- A. For school board members, in an instance where any form of discipline is imposed, the school board will carry out the disciplinary action as follows:
 - 1. advise the member of the violation which is the cause of the discipline, either orally or in writing. If given orally, the board will document that an oral warning was given specifying the date, time and nature of the oral warning.
 - 2. Provide directives to the member to correct the conduct.
 - 3. provide professional development materials and/or require, at the member's expense, attendance of a training, workshop, webinar, or other professional development opportunity related to conflict of interest, ethical behavior, or board governance.
 - 4. Allow a reasonable period, when appropriate, for the board member to correct or remediate the violation.
- B. For school employees who are not school board members, and including key school employees and responsible persons, and for agents of the school, Policy 202 *Discipline, Suspension and Dismissal of School Employees* will be in effect.
- C. Appeals may be made to the school board within 30 days of the action.

VI. REVIEW OF POLICY

- A. Each new responsible person is required to review a copy of this policy and Article VII of the bylaws.
- B. Each responsible person is required to complete an annual disclosure form, such as the Related Party Questionnaire, identifying any relationships, positions or circumstances in which the person is involved that he or she believes could contribute to a conflict of interest.

REVISION HISTORY

Date	Status		Date	Status		Date	Status
10/06/08	Adopted		10/14/10	Amended		11/13/12	Amended
10/08/14	Amended		10/11/16	Amended		2/13/17	Amended
10/13/20	Amended		10/11/22	Amended		10/8/24	Amended