A “conflict of interest” is any circumstance that could cast doubt on a Trustee’s ability to act with total objectivity with regard to the District’s interests. A Trustee’s loyalty to the District must be free from any conflicting interests.

The implication from the appearance of a conflict of interest is just as important as the implication of a real conflict. If an outside independent party might question the intent of a transaction or relationship, such transaction or relationship is deemed to impact the appearance of a conflict and therefore, should be avoided.

A “duty of loyalty” is the principle of decision making conducted by putting the District’s interests ahead of any other interest.

A conflict arises when the Trustee, or any member of the Trustee’s family or an organization that employs or is about to employ a Trustee or a member of the Trustee’s family, has a substantial financial or other interest in the firm selected for an award. [See Local Government Code Section 171.002 for definition of substantial or other interest]

As used herein, "Trustee’s family" shall include persons related to the Trustee by consanguinity (i.e., blood) within the third degree or by affinity (i.e., marriage) within the second degree.

An individual’s relatives within the third degree by consanguinity are the individual’s:

1. Parent or child (i.e., first degree);

2. Brother, sister, grandparent, or grandchild (i.e., second degree); and

3. Great-grandparent, great-grandchild, aunt or uncle who is a sibling of a parent of the individual, nephew or niece who is a child of a brother or sister of the individual (third degree).

Two persons are related to each other by affinity if they are married to each other or if the spouse of one of the persons is related by consanguinity to the other person. This provision shall also include any Trustee’s partner or any other person who resides in the same household.

As used herein, the term “entity” shall apply to any individual, sole proprietorship; business; board; organization; nonprofit corporation; religious, educational, or nongovernmental organizations; political action committees; organized labor group and governmental institutions, whether incorporated or not, and their related officers, key employees, and/or other authorized representatives or agents, that a Trustee knows, or has reason to know, has, is interested in or is
likely to become interested in, any financial interest such as contract, purchase, payment, claim or transaction with or against the District. Entity herein refers to either a single individual or a collective group of individuals.

A Trustee is considered to have a conflict of interest when:

- The Trustee, or any member of the Trustee's family, has a substantial or other interest as a result of the Trustee's position with the District;
- The Trustee has the opportunity to influence the District's business, administrative, or other material decision in a manner that leads to personal gain or advantage to the Trustee, the Trustee's family member, or affiliated organization; or
- The Trustee has any existing or potential financial interest, or other significant interest, that impairs the Trustee's independence in the discharge of the Trustee's responsibilities to the District.

Trustees have a duty of loyalty to the District. The duty of loyalty requires Trustees to put the interests of the District before all other interests including personal interests or external organizations of which Trustees may be affiliated. The Board and District recognize and encourage interactions with other entities, elected officials, external employment, additional public service leadership, or volunteer service on boards that are interested in furthering the goals and objectives of the District, provided that such interaction does not interfere with the Trustee's duty of loyalty responsibilities. Any conflict of interest set forth in this policy, including but not limited to employment or volunteer leadership service with any organization or board, whether incorporated or not, shall be subject to the disclosure, recusal, and abstention requirements.

A Trustee shall disclose a campaign contribution or loan and recuse himself or herself from voting on a contract, agreement, or any other District transaction with any entity financially interested in the outcome of a Board proceeding, including nonprofit organizations, if the entity and its related officers, key employees, and/or other authorized representatives or agents have provided campaign contributions or loans to the Trustee during the preceding 12-month period in excess of $2000. Further, an entity that is financially interested in the outcome of a contract or the outcome of a competitive bidding or purchasing process may not make a campaign contribution or loan to a Trustee at any time during the code of silence period, until execution of an awarded contract by all required parties. [See CAA(LOCAL)]
Trustee Gifts or Gratuities

Except as provided herein, Trustees are prohibited from accepting anything of value or benefit including, but not limited to, entertainment, sports tickets, travel, food, and lodging from any entity the Trustee knows or has reason to know, has, is interested in or is likely to become interested in any contract, purchase, payment, claim, or transaction with or against the District beyond an aggregate from any entity greater than $50 in any preceding 12 months to an individual Trustee or the Trustee’s family member. Trustees shall disclose all instances where acceptance of over $50 in benefits from any entity the Trustee knows or has reason to know, has, is interested in, or is likely to become interested in any contract, purchase, payment, claim, or transaction with or against the District and shall abstain from any vote or decision related to that entity as provided herein. [See Abstention, below. See CAA(LOCAL) for specifics related to E-Rate.]

This provision shall not apply to:

- Gifts, things of value, or benefits received because of kinship, or personal, professional, or business relationship independent of the official status of the official. Penal Code 36.10(a)(2) [See BBFB(LEGAL)]
- Benefits or things of value to which the Trustee or the Trustee’s family member is lawfully entitled;
- Benefits or things of value for which the Trustee gives legitimate consideration in a capacity other than as a Trustee;
- Official functions of the District;
- Official functions during a formal education conference;
- Functions of nonprofit organizations that are raising funds for the benefit of District students; and
- Honoraria or expenses. [See BBFB(LEGAL)]

Disclosure Requirements

Each Trustee shall, by 5:00 p.m. on January 15 and July 15 of each year, file with the District’s Board Services Office a Board-approved form the Disclosure of Interest Form Related to the Houston Independent School District, which can be obtained from Board Services. [See BBFA(EXHIBIT)]. The January 15 report shall cover activities during the preceding six months of July 1 through December 31, and the July 15 report shall cover activities during the preceding six months of January 1 through June 30. The form shall provide, among other matters, conflict of interest disclosure of all direct and indirect interests related to the District, as well as gifts, honorarium, and other payments that are unrelated to services performed or goods furnished by the Trustee from any party.
who does business with the District or who is interested in doing business with the District. Trustee disclosures shall be posted on the District’s Web site under Board of Trustees.

The completion of the Disclosure of Interest Report is independent of a Trustee’s legal responsibility to file political contribution reports under Title 15, Election Code.

Additionally, as soon as a Trustee learns of a potential conflict of interest as defined herein, but in no event not less than five days from the posting of the notice of the meeting at which the Board is to take action on a contract that includes a conflict of interest, the Trustee shall disclose the conflict by filing with the District’s Board Services Office an updated statement identifying the contract in which the Trustee or the Trustee’s family has a substantial interest. [See BBFA(EXHIBIT)]

At regularly scheduled Board meetings, the Board President shall remind Trustees of the conflict of interest requirements and shall request disclosure for any matters under consideration on that day’s agenda. Furthermore, the Trustee shall excuse himself or herself and abstain from all discussions and votes pertaining to the contract.

Recusal

In addition to disclosing all conflicts in writing, the Trustee with a conflict of interest, including a conflict related to the duty of loyalty, shall disclose the conflict and refrain from participating in any discussion regarding any contract, proposed contract, or transaction that will provide a monetary benefit to any entity in which the Trustee has a conflict of interest.

Abstention

In addition to disclosure and recusal from any discussion of a contract or transaction in which a Trustee has a conflict, the Trustee shall also abstain from any vote or decision on any matter involving the conflict.

[See BBE(LOCAL) regarding Board actions regarding questions, concerns, or issues related to Trustee conflict of interest disclosures, Trustee voting on contract awards, and/or any related questions regarding conflicts among Trustees as well as provisions for complaints against Trustees.]

If a Trustee discloses that he or she has a conflict of interest in a matter before the Board and has properly recused himself or herself, the remaining Trustees, if determined appropriate, may inquire and review all material facts related to the transaction to confirm that the transaction is a benefit to the District. The Board may make inquiries to determine the following:
• Whether the Trustee with a conflict attempted to or did exercise influence over District staff members to encourage the District to proceed with the matter.

• For contracts or procurement, whether District staff members employed best practices and complied with District policies related to competitive bidding. This includes ensuring staff members complied with competitive bidding advertising and proposal solicitation requirements; have documented that their selection was made in accordance with the criteria published in the Request for Proposal or Invitation to Bid; and have attested that the decision-making process was free from undue influence from Trustees and other administrative staff.

• Whether the benefit provided to the conflicted organization under consideration, or directly or indirectly to the disqualified Trustee, exceeds the value of the consideration received by the District.

• For grants, whether the District used specific criteria published in advance to weigh the merits of various applicants and to make decisions about grants that are in the best interests of the District’s students.

The Board may request the assistance of the District’s Office of Internal Audit and/or legal counsel in making its inquiries to ensure that it is receiving an objective opinion and that the facts under consideration are not biased.

If the Board determines, after reasonable inquiry under the circumstances, that the District could not have obtained best value in accordance with the established criteria from another vendor or organization, and that the proposed transaction or contract meets the Board’s requirement to exercise oversight over the prudent and accountable use of District resources, the Board may then approve the transaction or contract by a majority vote (without the disqualified Trustee) of those Trustees present and voting.

Trustees shall submit copies of each potential campaign contribution to Board Services prior to formal acceptance or cashing such funds. Submissions shall be made within seven business days of check date, or prior to any vote on any related contracts for contributions from an entity associated with the District, whichever occurs first. Where the contributor is determined to be an entity associated with the District, the cumulative amounts for each respective entity taken as a whole shall be accumulated for the preceding 12-month period. Results shall be provided to the respective Trustee, Board President, and Superintendent. The Trustees shall have final authority to accept or reject each contribution. Once the threshold
is reached as detailed in this policy, the applicable Trustee, Board President, and Superintendent shall be informed that the maximum campaign receipt limit has been reached and the Trustee is no longer eligible to vote on any contract with such vendor/service provider. [See Campaign Contribution By Vendors Or Outside Organizations, above] Actions resulting from the Board meeting shall be recorded in the minutes.

**Consequences of Failure to Disclose**

Failure by a Trustee to disclose such interest may result in the debarment, for 24 months, of any such vendor. Nothing in this policy excuses a vendor from strict compliance with CHE(LOCAL).

**Remedy for Inadvertent Failure to Disclose**

In the event of an inadvertent failure by a Trustee to disclose such conflict, the Board, by a majority vote (without the disqualified Trustee) of those Trustees present and voting, may reinstate a vendor’s eligibility to be considered as providing best value in accordance with the established criteria for a transaction or contract.

**Financial Integrity**

The use of District funds or assets for any unethical purpose is prohibited.

**Grandfathered Contracts**

All contracts executed prior to the effective date of this policy shall continue to be in full force and effect. Upon termination of the current contract term, this policy shall be applied to any contract renewal.

**Annual Financial Report**

Each Board member shall provide in a timely manner to the District information necessary for the District's annual financial management report in accordance with the reporting procedures established by the Commissioner of Education. [See CFA]

**E-Rate Matters**

In the case of E-Rate matters, governance provided at CAA supersedes requirements herein.

**Candidates**

Candidates who have filed for election to the Board of Education are subject to the limitations herein after the date on which the candidate has filed for office.

**Effective Date**

This policy shall be effective as of the adoption date, February 12, 2016.