



Procedure for Disclosure of a Conflict of Interest

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I. Purpose

Members of the University community have a fiduciary duty to the University and must avoid all conflicts of interest, and all appearances of conflicts of interest. This Procedure establishes the process for the identification and review of real or apparent conflicts of interest that may arise from a financial, personal, family, employment relationship and/or service to other organizations.

II. Scope

This Procedure applies to trustees, faculty, administrative staff, student support services staff, work-study students, University agents, suppliers, vendors, third parties, and lessees associated to the University.

III. Definitions

For purposes of this Procedure, the terms are defined in the Glossary.

IV. Conflict of Interest General Principles

A conflict of interest may arise when:

1. A member of the University community in the exercise of his or her duties makes a decision and/or when the member receives any type of benefit or compensation (monetary or in kind), that may compromise his professional judgment. This fiduciary duty extends to the member’s immediate family and/or an entity which employs or is about to employ any of them and/or any entity in which the employee or any member of the immediate family has a financial or other beneficial interest.
2. A member of the University community participates in the selection, award, or administration of a contract or grant, including contracts subsidized with federal funds, where such participation creates an actual or potential, real or apparent, conflict of interest.
3. A member of the University community and/or his or her immediate family or an entity which employs or is about to employ any of them or and/or any entity in which the employee or any member of the immediate family has a financial or other

beneficial interest has a financial or other interest in, or a tangible personal benefit from, an entity considered for a contract.

A. Types of Conflicts

1. Financial Interest

A financial interest may arise for any interest an individual may have in the economic transactions of Sagrado. In particular, any interest that could have a direct bearing on the financial gain/loss of the said individual or a member of his/her immediate family. A person has a financial interest if the person holds, directly or indirectly, through business, investments, or an immediate family member, actual or potential ownership, a contract, business relationship or any type of remuneration arrangement or compensation arrangement with an entity or individual with whom the University is negotiating a contract or business.

2. Employment Relationship

A conflict of interest due to employment relations may arise when a member of the university community or immediate family are employed or provide services, serve as member of a board of directors, in an administrative capacity or as consultants to other post-secondary educational institutions or any other company or business that is a competitor of Sagrado, without the prior written approval from: (a) the Board of Trustees in the case of a trustee or the University President, or (b) the University President in the case of a member of the University community.

3. Immediate Family

Familiar relationships that could imply a real or apparent conflict of interest may include:

- a. directly supervising or evaluating an immediate family member,
- b. hiring or directing another individual to hire an immediate family member,
- c. setting salary for an immediate family member and/or participating in discussions related to their salary or promotion,
- d. authorizing a consulting, service, other type of contract or agreements or any other University-funded activity for an immediate family member or an entity in which an immediate family member has a financial or other beneficial interest. Except when previously authorized by the University President or the Board of Trustees as applicable, and
- e. faculty evaluating students who are their immediate family.

Any offer of employment at Sagrado to a member of the immediate family of an employee or University agent is subject to the prior review and approval of the University President

or his designee, and in the case of trustees and the University President, from the Board of Trustees.

4. Sentimental Relationships:

All sentimental relationships as defined by the Institutional Policy of Sentimental Relationships in the Employment must be disclosed in writing thorough the available form and informed to the office of Organizational Development and Human Resources.

5. Other Relationships or Interests

Any type of real or apparent conflict of interest not expressly mentioned in this procedure but that may undermine or compromise the judgment of any member of the University community must be timely and duly disclosed.

B. Declaration of Conflicts of Interest

Trustees, administrative staff, faculty, student support service staff, work-study students, University agents, vendors, suppliers, third-parties, or lessees must disclose any type of real or apparent conflict of interest. In the event of any question as to whether or not a particular situation presents a real or apparent conflict of interest, the person concerned should disclose the situation prior to undertaking any official action. Failure to disclose any potentially conflicting relationship may result in disciplinary action up to and including termination of employment and/or termination of contract.

1. Annual Disclosures

The following members of the University community must complete the Conflict-of-Interest Certificate (“Certificate”) every year:

- a. Trustees
- b. University President
- c. Internal Auditors
- d. Executive Management
- e. Supervisors
- f. Employees or contractors working for the Procurement Office
- g. Employees contracted under federal, state, or private grants contracts and students under federal or state work-study programs.
- h. Athletics Program Director, coaches, and trainers.

2. New Hired Employees

All employees of Sagrado must complete the Conflict-of-Interest Certificate when hired. The office of Organizational Development and Human Resources (“ODHR”) is responsible of providing guidance about this Procedure as part of the onboarding process and to make sure that new hires complete and send the Certificate using the University portal.

The ODHR must validate if there is any possible conflict of interest that may prevent the hiring of the employee during the candidate evaluation process. Any instance of real or apparent conflict will be communicated to the Internal Auditor.

3. Vendors, Suppliers, Third Parties and Lessees

Vendors, suppliers, third parties and lessees are required to disclose in writing any known or potential conflict of interest as soon as it arises.

The contracting office is responsible of providing guidance about this Procedure and to make sure that they complete the Conflict-of-Interest Certificate before signing the contract or agreement. The Certificate will be received and reviewed by the Internal Auditor and, in the event of a real or apparent conflict, the Internal Auditor will submit the Certificate and any additional documentation and/or inform to the Evaluation Committee. In the event that a conflict of interest is disclosed, regardless of its form, the contract shall not be executed unless and until all necessary approvals are obtained. Evidence of the Conflict-of-Interest Certificate should be included as part of the contracting documentation.

4. Change in Status and Amendments to Disclosures

Members of the University community are required to disclose in writing, to the Internal Auditor, any known or potential conflict of interest as soon as it arises and they have a continuing duty to disclose any change that arises after completing the Certificate, which may imply the existence of a real or apparent conflict of interest.

C. How to Disclose Conflicts of Interests

All conflict-of-interest declarations must be made in writing as explained below.

1. Employees

The conflict-of-interest disclosure must be made in writing using the Certificate forms available in the University portal. Instructions on the completion and submission of the Certificate will be available on the University portal.

2. Trustees and the University President

The conflict-of-interest disclosure must be made in writing using the Certificate form available in the Board's electronic platform. The Secretary of the Board of Trustees or his/her designee will request all trustees to complete the Certificate annually.

V. Conflict of Interests Evaluation and Review

A. Conflict of Interests Evaluation and Review

The General Counsel will be responsible for the evaluation and review of Conflicts of Interest referred by the Internal Auditor. If there is a possible conflict involving the General Counsel, the Internal Auditor will refer such matter to the Conflict-of-Interest Evaluation Committee. If a possible conflict of interest comes to the General Counsel's attention, he/she should guide the parties involved through the process of certification and refer them to the Internal Auditor.

The Internal Auditor could recommend the addition and consultation with other members of the University Community in cases where their expertise and knowledge of certain topic might be needed.

B. Conflicts of Interest Evaluation Committee

The Conflicts of Interest Evaluation Committee ("Committee") shall evaluate potential conflict of interests presented by the Internal Auditor and disclosed by members of the University Community except for the disclosures made by trustees and the University President. The Committee will make recommendations based on legal and regulatory requirements, standards, institutional policies, and best practices.

The Committee will be composed of:

- Chair Academic Officer - voting member and Chairperson,
- Chair Financial Officer - voting member,
- General Counsel - voting member and Secretary, and
- Internal Auditor - non-voting member.

The Committee may request additional members during the evaluation process. If any of the members of the Committee has a conflict of interest, the University President will designate an alternate member. If one of the members is involved in a possible conflict of interest situation to be evaluated by the Committee, the member should be replaced. In this case, the University President will designate a new member.

The committee will meet as needed and when called by the Internal Auditor.

VI. Role and Responsibilities

A. The Internal Auditor is responsible for:

1. Administering conflict of interest certification.
2. Keeping a record of Conflict-of-Interest Certifications received.
3. Refer matters to the Conflict-of-Interest Evaluation Committee, when necessary, as established in the procedure.

4. Recommend consultation with additional members of the University Community as required.
5. Keep a record of the conclusions and action plans from the General Counsel and the Evaluation Committee as applicable.

B. The General Counsel is responsible for:

1. The evaluation of the reported conflicts of interest to determine if the contract, relationship, or transaction is the most advantageous option for the University and if it generates any benefit for Sagrado.
2. Reviewing the Certificate and all the documentation submitted by the Internal Auditor for evaluation.
3. Evaluating the information with the highest ethical standards, with integrity and unbiased.
4. Rendering a report of the evaluation and recommendations to the University President.

C. The Committee is responsible of:

1. The evaluation of the reported conflicts of interest to determine if the contract, relationship, or transaction is the most advantageous option for the University and if it generates any benefit for Sagrado.
2. Reviewing the Certificate and all the documentation submitted by the Internal Auditor for evaluation.
3. Evaluating the information with the highest ethical standards, with integrity and unbiased.
4. Rendering a report of the evaluation and recommendations to the University President.

D. Trustees and University President

The Board of Trustees will be responsible for evaluating conflicts of interest related to trustees and the University President. After disclosing the financial or economic interest and all pertinent facts and after having had a discussion with the person concerned, the Board or the appropriate Board committee shall determine how to proceed. The person disclosing the conflict (e.g., a trustee or the University President) shall be excused from any meeting or portion thereof while the determination of a conflict is evaluated and voted on whether to approve the transaction.

VII. Recordkeeping

The Internal Auditor is responsible for the custody of the Certification forms and the recordkeeping of the documentation (e.g., agenda, minutes, materials, and any other

documents) related to any decision made by the Conflict of Interest Evaluating Committee. In case of any conflict of interest disclosed by an employee, the Internal Auditor will provide a copy of the certificate to the office of Organizational Development and Human Resources (“ODHR”). The copy of the certificate must be included on the employee file.

VIII. Prohibitions and Restrictions to Act Without Prior Authorization

Members of the University community may not incur in any of the following:

1. Directly or through members of their immediate family accept payment of fees, services, privileges or any other favor from any person or business that is a competitor of Sagrado.
2. Obtain a personal benefit from any transaction or contract with the University.
3. Collaborate or intervene in the selection, award, or administration of a contract in which, to the best of his knowledge and belief, he or his immediate family, partners, or organization in which he or his immediate family has any financial interest or beneficial interest, participates, is involved in a negotiation, or have any type of arrangement for future employment.
4. Participate, be a member or have a financial interest in any organization that has a business or significantly competes with the University without the prior written approval by the parties defined in this Procedure.
5. Serve as member of a Board of Trustees in an administrative capacity or as consultants of any company or business that is a competitor of the University without the prior written by the parties defined in this Procedure.
6. Work or render services as a trustee, administrative staff, faculty, student support service staff, agent, or consultant of other institutions of higher education without the prior written by the parties defined in this Procedure.

IX. Questions About this Procedure

Questions regarding the scope and interpretation of this Procedure should be directed to the office of Compliance, Internal Audit, and Institutional Integrity at cumplimiento@sagrado.edu.

Universidad del Sagrado Corazón reserves the right to interpret this Procedure in its administration, implementation, and enforcement. If there is any ambiguity in any provision of this Procedure, Sagrado reserves the discretion to interpret it in accordance with the purpose for which it was established, the impact to Sagrado’s operations and good faith, unless otherwise provided by law.

X. Reporting Violations

Violations to this Procedure should be directed to the office of Compliance, Internal Audit, and Institutional Integrity at cumplimiento@sagrado.edu. Any violations to this Procedure will be addressed.

Gilberto J. Marxuach Torrós
President

Glossary of Terms

1. *Administrative Staff* - employees entrusted with an administrative activity as defined by the Employee Handbook.
2. *Board of Trustees* - the highest governing body of the University integrated by people who are leaders in various fields of society relevant to the fulfillment of the University's mission, vision, and philosophy and with the applicable laws.
3. *Conflict of Interest* - a situation where a person or legal entity has a financial and/or personal interest in the selection, award, or administration of a contract including contracts subsidized with federal funds or grants where such participation could impair his or her ability to act impartially and, in the University's, best interest.
4. *Contract or Agreement* - an agreement between two or more parties that contains the common understanding between the University and a third-party as to the essential terms, mutual obligations, and legal considerations (meaning that something of value – monetary or in-kind - is exchanged). For the purpose of this procedure contracts include grants and agreements subsidized with deferral funds.
5. *Executive Management* - is a standing committee chaired by the President and composed of the following University administrators:
 - a. Chief Academic Affairs Officer (Provost)
 - b. Chief Student Affairs Officer
 - c. Chief of Staff and/or Executive Chief
 - d. General Legal Counsel
 - e. Chief Communication, Marketing and Admissions Officer
 - f. Chief Compliance, Internal Audit, and Institutional Integrity Officer
 - g. Chief Financial Officer
 - h. Chief University Relations and University Development Officer
 - i. Chief Operations Officer
 - j. Chief Organizational Development and Human Resources Officer
 - k. Chief Information Officer.
6. *Faculty* - the members of our academic community entrusted with a teaching activity as defined by the Faculty Handbook.
7. *Financial or other Interest* within the context of a conflict of interest - a person who has, directly or indirectly, through business or investments: (a) a current or potential property or financial or economic interest in the entity, or (b) a current or potential compensation arrangement with the entity, including but not limited to a potential employment relationship.
8. *Immediate Family* within the context of a conflict of interest - a person who has directly or indirectly, through business or investments, a family relationship up to and

including the fourth degree: by blood relationship (e.g., parents, sons/daughters, siblings, grandparents, grandchildren, uncles/aunts, nephews/nieces, cousins), and by affinity relationships (e.g., spouse, in-laws). This term includes persons in a sentimental relationship and/or living on the same household.

9. *Lessee* - a person or legal entity who rents or leases real estate property or equipment or other assets from the University in exchange for a payment (monetary or in-kind), benefit, or without payment.
10. *Students* - active undergraduate and graduate students from enrollment to graduation, students participating in continued education courses and programs, and high school students participating in dual enrollment programs or sponsored programs (e.g., grants), as well as non-enrolled students.
11. *Student Support Services Staff* - administrative employees, as defined by the Employee Handbook, entrusted with a student support activity.
12. *Supervisors* - University employees who have supervisory responsibilities over other University employees who report directly to them in an administrative office, academic unit, or student unit.
13. *Suppliers and Vendors* - a person or legal entity that is not employed by the University who provides goods or services to the University in exchange for a compensation (monetary or in-kind) or a benefit.
14. *Third-Party* - a person or legal entity that is not employed by the University who provides goods or services to the University in exchange for a compensation (monetary or in-kind), benefit, or without compensation (e.g., consultants, contractors, subcontractors).
15. *Trustees* - the members of the Board of Trustees that is the University's highest governing body.
16. *University Agents* - a person or legal entity who has been legally empowered to act on behalf of the University in a specific activity, task, or responsibility.
17. *University Community* - is a broad term that includes any person or legal entity who has an interest in the University's Mission, institutional activities and/or operations (e.g., trustees, faculty, administrative staff, student support services staff, students, stakeholders, third-party, suppliers and vendors).