

COLLEGE OF MICRONESIA-FSM

BOARD POLICY NO. 1301

Board Ethical Conduct

Date Adopted: 20-23 March 2006

Date Revised: 14-15 January 2013; 22-24 March 2014; 10-12 June 2025

Date Reviewed:

References: See Article VI, Section 21-22, COM-FSM Board of Regents Bylaws, revised April 2-4, 2025,
https://www.comfsm.edu.fm/wp-content/uploads/2025/05/COM-FSM_BOR-REVISED_Bylaws-2025.pdf

The Board shall act as a whole; no member or committee created by the Board may act in place of the Board. The By-laws of the Board created pursuant to section 22 of this Enabling Act shall include a statement of ethical conduct for its members. Such statement shall include, but is not limited to, a provision prohibiting Board members from participating in any action involving a possible conflict of interest or from realizing a financial gain, other than compensation provided pursuant to the Act, from their position as a Board member.

CODE OF CONDUCT

1. Standard of Code

Members of the Board shall comply with the provisions of these By-laws and shall not participate in any action involving conflict of interest or from realizing a financial gain, other than compensation provided pursuant to law. A Regent shall be considered to have a conflict of interest if:

- a. Such Regent has existing potential financial or other interests which impair or might reasonably appear to impair such member's independent, unbiased judgement in the discharge of the Regent's responsibilities to the college or:
- b. Such Regent is aware that a family member or organization in which such Regent or family member is an officer, director, employee, member, partner, trustee, or controlling stockholder has such existing or potential financial interest. By "family member" is meant a person related to the Regent in any of the relationships listed in Board Policy 6024, "Nepotism" Section 1.

2. Conflict of Interest

- a. **Scope:** This statement of policy with respect to conflict of interest applies to each member of the Board of Regents and to all employees of the College of Micronesia-FSM. It is intended to serve as guidance for members of the Board of Regents and College employees.
- b. **Fiduciary Responsibilities:** Members of the Board and college employees serve the public trust and have a clear obligation to fulfill their responsibilities in a manner consistent with the fact. All decisions of the Board and recommendations made by employees of the College are to be made solely on the basis of a desire to promote the best interests of the institution and the public good. The College's integrity must be protected and advanced at all times. Men and women of substance inevitably are involved in the affairs of other

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institutions and organizations. An effective Board, administration, staff and faculty cannot consist of individuals entirely free from at least perceived conflicts of interest. Although most potential conflicts are and will be deemed inconsequential, it is everyone's

responsibility to ensure that the Board is made aware of situations that involve personal, familial or business relationships that could be troublesome for the College. Thus, the Board requires that each Regent and employees of the College annually;

- review this policy;
- disclose any possible personal, familial or business relationships that reasonably could give rise to a conflict involving the college; and
- acknowledge by his or her signature on the Disclosure Form for each Regent and College employee that he or she is following the letter and spirit of this policy.

Thereby, it is the declared policy of the Board that Regents will not participate in Board discussions or votes on items or transactions where Regents have a conflict of interest or have developed a potential conflict of interest since the time of the filing of the required disclosure form. Similarly, employees of the College with a conflict of interest shall not participate in making a recommendation to the Board concerning a matter in which a conflict of interest exists.

- c. **Disclosure:** All Regents and all employees of the College are required to list on the attached form only those substantive relationships that he or she maintains or members of his or her family maintain with the college or with organizations that do business with the college or otherwise could be construed to potentially affect their independent, unbiased judgment in light of his or her decision-making authority or responsibility. In the event that a Regent or employee of the College is uncertain as to the appropriateness of listing a particular relationship, the Chair of the Board of Regents, the College President or College counsel should be consulted. Regents and employees of the College shall file this disclosure form on an annual basis after October 1 of each year and before October 31 of each year, with the Secretary of the Board of Regents. These disclosure forms will be subject to public disclosure. New board members or new employees of the College shall be provided the disclosure forms immediately upon taking office and shall fill out, sign and file the same within 30 days of taking office.
- d. **Abstention from Voting:** Regents or employees of the College who have declared a potential conflict of interest, been found to have a conflict of interest, or who have developed a potential conflict of interest since the date on which they last filed a disclosure form, shall refrain from participating in consideration of proposed recommendations or transactions, unless for special reasons, the board or administration requests information or interpretation.
- e. **Ethical Violations:** Charges by any person that a board member has violated laws and regulations governing board behavior or the board's code of ethics shall be directed to the board chairman. The board chair may establish an ad hoc committee to examine the charges and recommend further courses of action to the board. Possible courses of action include:

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- If alleged behavior violates laws governing board behavior, legal counsel may be sought and the violations referred to the Attorney General as provided for in law.
 - If the alleged behavior violates board policy on ethical conduct, the board chair shall alert the board member in question regarding the violation of policy. The board may discuss the violation at a board meeting and affirm its policy expectation and/or the board may move to censure the regent.
 - If the board chairman is perceived to have violated the code, the vice chairman of the board shall pursue resolution.
- f. **Sanctions and Remedies:** Any Board action favorable to a Regent obtained in violation of this bylaw is voidable on behalf of the Board; provided that in any proceedings to void a Board action pursuant to this bylaw, the interests of third parties who may be damaged thereby shall be considered. Any proceeding to void a Board action shall be initiated within sixty (60) days after the determination of a violation under this bylaw. The Board may pursue all legal and equitable remedies and/or sanctions through the College's legal counsel. Any Board action imposing a remedy or sanction under this section must be initiated within one year after the action of the Board that is affected by a violation.
- g. **Definitions:** The following definitions are provided to help Regents or employees of the College decide whether a relationship should be listed on the disclosure form or should prevent a Regent or employees of the College from participating in consideration of recommendations or proposed transactions:
- **Potential conflict of interest or conflict of interest:** substantive relationships maintained by Regents and designated officers, or members of their family, with the college or with organizations that do business with the college or that otherwise could be construed to potentially affect their independent, unbiased judgment in light of his or her decision-making authority or responsibility.
 - **Business relationship:** one in which a Regent, employees of the College, or a member of his or her family as defined below serves as an officer, director, employee, partner, Regent or controlling stockholder of an organization that does substantial business with the college.
 - **Family member:** A spouse, parents, siblings, children, or any other relative if the latter resides in the same household as the Regent or employees of the College.
 - **Substantive relationships:** When a Regent, employees of the College, or member of his/her family:
 - are the actual or beneficial owners of more than 5% of the voting stock or controlling interest of an organization that does substantial business with the college;
 - have other direct or indirect dealings with such an organization from which the Regent, employees of the College, or member of his or her family benefits directly, indirectly or potentially from cash or property receipts totaling \$10,000 or more annually; or
 - is employed by the college or receives fees, benefits or other compensation from the college.

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- **Substantial business:** An organization that does substantial business with the college is one that received more than \$10,000 from the college in the previous fiscal year.

~~The board acts as a whole; no member or committee created by the board may act in place of the board.~~

STANDARD OF CONDUCT

~~Board members may not participate in any action involving a possible conflict of interest or from realizing a financial gain, other than compensation provided pursuant to law. A regent is considered to have a conflict of interest if:~~

- ~~Such regent has existing or potential financial or other interests which impair or might reasonable appear to impair such member's independent unbiased judgment in the discharge of the regent's responsibilities to the college, or~~
- ~~Such regent is aware that a family member or any organization in which such regent or family member is an officer, director, employee, member, partner, trustee or controlling stockholder has such existing or potential financial interest. By "family member" is meant a person related to the regent in any of the relationships listed in Section XIX Nepotism of the COM FSM Personnel Policy and Procedure Manual.~~

DISCLOSURE

~~All regents must disclose to the board any possible conflict of interest at the earliest practicable time. Any regent who is uncertain whether a conflict of interest may exist in any matter may request the board or committee to resolve the question by majority vote based on full disclosure of pertinent facts.~~

ABSTENTION FROM VOTING

~~A regent may not participate in board proceedings as a regent, or vote on any matter under consideration at a board or committee meeting in which the regent has a conflict of interest. The minutes of such meeting shall reflect that a disclosure was made and that the regent having the conflict abstained from participation and voting.~~

EMPLOYMENT WITH THE COLLEGE

- ~~No Regent shall accept paid or unpaid employment with the College while a Regent.~~
- ~~For three years after leaving the board, former regents may not accept a position that was created during his/her tenure.~~

ETHICAL VIOLATIONS

~~Charges by any person that a board member has violated laws and regulations governing board behavior or the board's code of ethics shall be directed to the board chairman. The board chair may establish an ad hoc committee to examine the charges and recommend further courses of action to the board. Possible courses of action include:~~

- ~~If alleged behavior violates laws governing board behavior, legal counsel may be sought and the violations referred to the Attorney General as provided for in law.~~

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- b. ~~If the alleged behavior violates board policy on ethical conduct, the board chair shall alert the board member in question regarding the violation of policy, the board may discuss the violation at a board meeting and affirm its policy expectation, and/or the board may move to censure the regent.~~

~~If the board chairman is perceived to have violated the code, the vice chairman of the board shall pursue resolution.~~