

4.1.c

Governing Board: Free of Financial Interest

The institution has a governing board of at least five members that:

- c. ensures that both the presiding officer of the board and a majority of other voting members of the board are free of any contractual, employment, personal, or familial financial interest in the institution.

Judgment

Compliant Non-Compliant Not Applicable

Narrative

Presiding Officer of Board

The Board of Trustees of the University of South Carolina consists of twenty members and is chaired by John C. von Lehe Jr., who was elected Chairman of the Board of Trustees in August 2018 ([University of South Carolina Board of Trustees Minutes, August 17, 2018, Page 10, Item VII](#)). The Board has the authority granted to it as a governing board by [Section 59-117-40\(5\)](#) of the South Carolina Code of Laws, including the power to appoint a Chairman of the Board of Trustees.

The election process and the duties of the Chairman of the Board are specified in [Article VI, Section 2](#) of the Board of Trustees Bylaws.

The duties of Chairman of the Board are as follows:

The permanent Chairman of the Board, in the absence of the Ex Officio Chairman, shall preside at all meetings of the Board and shall be the spokesman for the Board. He shall serve as Chairman and a member of the Executive and Governance Committee of the Board. He shall serve as an ex officio member of all standing, special or ad hoc committees of the Board with full right to participate in Board or committee discussion and with the full right to vote. He shall perform such other duties as may, from time to time, be prescribed by the Board and by these Bylaws.

Board Members are Public Officials

The University of South Carolina Board of Trustees members are public officials, and must therefore abide by the South Carolina Code of Laws. As stated in the [Code of Laws, Section 8-13-700](#):

- No public official, public member, or public employee may knowingly use his official office, membership, or employment to obtain an economic interest for himself, a member of his immediate family, an individual with whom he is associated, or a business with which he is associated. This prohibition does not extend to the incidental use of public materials, personnel, or equipment, subject to or available for a public official's, public member's, or public employee's use which does not result in additional public expense.
- No public official, public member, or public employee may make, participate in making, or in any way attempt to use his office, membership, or employment to influence a governmental decision in which he, a member of his immediate family, an individual with whom he is associated, or a business with which he is associated has an economic interest.

Financial Interest Defined

Board Policy [BTRU 1.18 Conflict of Interest](#) provides a framework for recognizing, disclosing and managing conflicts of interest and commitment as well as situations involving the appearance of conflict of interest. All Board members are subject to the requirements of [BTRU 1.18 Conflict of Interest](#). Board Policy defines financial interest as follows:

Financial Interest: Any monetary interest including, but not limited to salary, consulting fees, honoraria, gifts, dividends, paid authorship, ownership interest, stock or stock options, intellectual property rights, royalties, or paid travel (unless reimbursed by federal, state or local government, an institution of higher education, an academic medical center, research institute or professional organization affiliated with institutions of higher education). Financial interest does not include a financial interest arising solely by means of investment in a mutual, pension, or other institutional investment fund over the management and investments of which the employee or an associated immediate family member does not exercise control; or investments in publicly traded entities as long as the value of the employee's equity interest in the entity is less than \$5,000.

Entity: Any outside business or organization, including any public, private or non-profit entity.

Extended Family Members: The employee's spouse/partner, children, parents, in-laws, siblings, or other individuals living in the household.

Immediate Family Members: The employee's spouse/partner or children.

Conflict of Commitment: A situation in which an individual engages in external activities, either paid or unpaid, that may interfere with his/her primary obligation and commitment to the University.

Conflict of Interest: A situation in which an individual has financial, professional, or personal considerations that may directly or indirectly affect, or have the appearance of affecting, an individual's professional judgment in exercising any University duty or responsibility. A conflict of interest may arise when an individual has the opportunity or appears to have the opportunity to influence the University's business, administrative, academic, research, or other decisions in ways that could lead to financial, professional, or personal gain or advantage of any kind, whether the value is readily ascertainable.

Article XVI of the [Board Bylaws](#) also provides definitions and procedures for addressing issues regarding conflict of interest.

Conflict of Interest Annual Review Process












Board members must follow the South Carolina State Ethics Commission [Rules of Conduct](#). The Rules of Conduct further delineate the expected ethical conduct of public officials, and also specify the penalty for misconduct: "Anyone who is found guilty of violating these rules is subject to prosecution by the State Ethics Commission and the Attorney General's Office."

Also, each member of the Board of Trustees is required to file the State of South Carolina State Ethics Committee [Statement of Economic Interest form](#) with the State to ensure that there are no known external conflicts of interest for these members. There is a \$100 fine for each day that the form is late. The University has provided copies of Board Member Statements of Economic Interest for [2019](#) and [2020](#) as evidence of compliance.

In compliance with [Article XVI Section 4 of the Board Bylaws](#), each board member shall annually sign a statement which affirms that such person: 1) has received a copy of the Conflict of Interest Policy; 2) has read and understands the policy; and 3) has agreed to comply with the policy. The University of South Carolina has provided signed copies of all Board Member 2019 conflict of interest policy statements ([Signed Conflicts of Interest Policy Statements 2019](#)).

There are no cases on record of any conflict of interest involving Board members. All Board members are apprised of the conflict of interest policies during orientation for new members, and all Board members completed the Statement of Economic Interest Form, and signed the conflict of interest policy.

Sources

-  [August 17 2018 BoT Meeting Minutes](#)
-  [BTRU 1.18 Conflict of Interest](#)
-  [Board Statements of Economic Interests 2019](#)
-  [Board Statements of Economic Interests 2020](#)
-  [Board of Trustees Bylaws \(Page 17\)](#)
-  [Board of Trustees Bylaws \(Page 41\)](#)
-  [Code of Laws - Title 59 - Chapter 117 - University Of South Carolina](#)
-  [Code of Laws - Title 8 - Chapter 13 - 700 - Use of official position or office for financial gain ; disclosure of potential conflict of interest](#)
-  [Ethics Rules of Conduct](#)
-  [Signed BOT COI Forms 2019](#)
-  [Statement of Economic Interests](#)