

**INTERNATIONAL LEADERSHIP CHARTER HIGH SCHOOL  
NEW YORK CITY CHARTER SCHOOL CENTER  
MODEL POLICY ON CONFLICTS OF INTEREST**

The General Municipal Law defines prohibited conflicts of interest for school trustees, officers and employees.

Under the General Municipal Law, no school officer or employee may have an interest, direct or indirect, in any contract with the School, when such trustee, officer or employee, individually or as a member of the Board, has the power or duty to (a) negotiate, prepare, authorize or approve the contract, or authorize or approve payment under the contract; (b) audit bills or claims under the contract; or (c) appoint an officer or employee who has any of the powers or duties set forth above. No Treasurer may have an interest, direct or indirect, in a bank or trust company designated as a depository or paying agent or for investment of funds of his/her school. This, however, does not preclude payment of lawful compensation and necessary expenses of a school employee in one or more public offices or positions of employment, the holding of which is not prohibited by law.

**Exceptions to Law**

The General Municipal Law enumerates a number of exceptions to its general rule prohibiting conflicts. Specifically, the statute provides that its prohibitions on conflict of interest do NOT apply to:

- a) The designation of a bank or trust company as a depository, paying agent, registration agent or for investment of funds of a municipality except when the chief fiscal officer, treasurer, or his/her deputy or employee, has an interest in such bank or trust company; provided, however, that where designation of a bank or trust company outside the municipality would be required because of the foregoing restriction, a bank or trust company within the municipality may nevertheless be so designated;
- b) A contract with a person, firm, corporation or association in which a municipal officer or employee has an interest which is prohibited solely by reason of employment as an officer or employee thereof, if the remuneration of such employment will not be directly affected as a result of such contract and the duties of such employment do not directly involve the procurement, preparation or performance of any part of such contract;
- c) The designation of a newspaper, including but not limited to an official newspaper, for the publication of any notice, resolution, ordinance or other proceeding where such publication is required or authorized by law;
- d) The purchase by a municipality of real property or an interest therein, provided the purchase and the consideration therefore is approved by order of the supreme court upon petition of the governing board;
- e) The acquisition of real property or an interest therein, through condemnation proceedings according to law;
- f) A contract with a membership corporation or other voluntary non-profit corporation or association;
- g) The sale of lands and notes pursuant to Section 60.10 of the local finance law;



- h) A contract in which an officer or employee has an interest if such contract was entered into prior to the time he/she was elected or appointed as such officer or employee, but this does not authorize a renewal of any such contract;
- i) Employment of a licensed physician as school physician for a school upon authorization by a two-thirds vote of the board of trustees;
- j) A contract with a corporation in which an officer or employee has an interest by reason of stockholdings when less than five percent of the outstanding stock of the corporation is owned or controlled directly or indirectly by such officer or employee;
- k) A contract for the furnishing of public utility services when the rates or charges therefore are fixed or regulated by the public service commission;
- l) A contract for the payment of a reasonable rental of a room or rooms owned or leased by an officer or employee when the same are used in the performance of his/her official duties and are so designated as an office;
- m) A contract for the payment of a portion of the compensation of a private employee of an officer when such employee performs part-time service in the official duties of the office;
- n) A contract in which a school officer or employee has an interest if the total consideration payable thereunder, when added to the aggregate amount of all consideration payable under contracts in which such person had an interest during the fiscal year, does not exceed the sum of seven hundred and fifty dollars;
- o) A contract with a member of private industry council established in accordance with the federal job training partnership act or any firm, corporation or association in which such member holds an interest, provided the member discloses such interest to the council and the member does not vote on the contract.

## **Express Prohibitions**

In addition, the law clearly states that a trustee, officer or employee may not:

- a) Directly or indirectly, solicit any gift, or accept or receive any gift having a value of \$75 or more, whether in the form of money, service, loan, travel, entertainment, hospitality, thing, or promise, or in any other form, under circumstances in which it could reasonably be inferred that the gift was intended to or could reasonably be expected to influence him/her in the performance of his/her official duties, or was intended as a reward for any official action on his/her part;
- b) Disclose confidential information acquired in the course of his/her official duties or use such information to further his/her personal interests;
- c) Receive, or enter into any agreement, express or implied, for compensation for services to be rendered in relation to any matter before the Board; or
- d) Receive, or enter into any agreement, express or implied, for compensation for services to be rendered in relation to any matter before the Board whereby the compensation is to be dependent or contingent upon any action by the agency. This does not prohibit the fixing of fees based upon the reasonable value of services rendered.

## **Penalties**



Any contract willfully entered into by or with a school in which there is a prohibited interest is void and unenforceable. In addition, any trustee, officer or employee who willfully and knowingly violates the foregoing provisions shall be guilty of a misdemeanor.

It should be noted that competitive bidding does not cure the prohibition against having any interest in a contract when the trustee, officer or the employee has the power to approve the contract.

The law further authorizes, in addition to any other penalty imposed, that any person who knowingly and intentionally violates the above may be fined, suspended, or removed from office or employment in the manner provided by law.

### **Disclosure of Interests**

The Legislature has also enacted various disclosure requirements, in an effort to protect the public and to publicize conflicts of interest, so that both the public and the governing body might take appropriate account of any personal interests in assessing the public benefit of a personal transaction.

Any trustee, officer or employee who has, will have, or later acquires an interest in any actual or proposed contract with the Board must publicly disclose the nature and extent of such interest in writing to the Board as soon as he/she has knowledge of it.

Although certain interests may not be expressly prohibited by law, they are still subject to disclosure requirements. Legal counsel should be sought concerning any question regarding disclosure of specific items.

The law requires that written disclosure be made part of and set forth in the minutes of the Board. Once made, no further disclosures with respect to additional contracts with the same party during the remainder of the fiscal year need be made.

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