



# **Policy on Financial Transactions**

**Policy number: 202305**

**Owner: Special Assistant to the President**

**Summary: The purpose of this policy is to establish the procedures applicable to the identification and resolution of conflicts of interest in the context of financial transactions or arrangements entered into by University of Victoria.**

## **I. Policy Statement**

**The purpose of this Policy on Financial Transactions is to establish the procedures applicable to the identification and resolution of conflicts of interest in the context of transactions or arrangements entered into by University of Victoria ("University of Victoria" or "UoVictoria") where an Interested Person may have a Financial Interest in an individual or entity with which University of Victoria is negotiating a transaction or arrangement.**

**This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations. It supplements the University's Policy on Conflicts of Interest.**

## **II. Definitions**

**Compensation:** Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

**Family:** Family shall include a spouse or civil partner, parents, grandparents, aunts and uncles, siblings, children, grandchildren, the spouses or civil partners of parents, grandparents, aunts and uncles, siblings, children, grandchildren, and any first cousins. All relations named include step and half relations, as relevant.

**Financial Interest:** A person has a Financial Interest if they have, directly or indirectly, through business, investment, or family:

an ownership or investment interest in any entity with which University of Victoria has a transaction or arrangement; or

a current compensation arrangement with University of Victoria or with any entity or individual with which University of Victoria has a transaction or arrangement; or

a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which University of Victoria is negotiating a transaction or arrangement. A "transaction or arrangement" shall include, but not be limited to, grants.

**Gift:** Gifts and favors include any gratuitous service, loan, discount, money, or article of value, but do not include loans from financial institutions on customary terms, articles of nominal value ordinarily used for sales promotion, reimbursements for activities furthering the purpose of University of Victoria, ordinary "business lunches," or reasonable entertainment consistent with local social or business customs.

**Interested Person:** An Interested Person is any trustee, officer, employee, or volunteer who has:

a direct or indirect financial interest (of which he or she is aware of or should reasonably be aware of), through business, investment, or family, in an entity with which University of Victoria has a transaction or arrangement or is under negotiation for a transaction or arrangement; or

a fiduciary responsibility to another organization.

**Volunteer:** For the purposes of this policy, a volunteer includes any instructor, student affairs officer, or any other volunteer who has been notified of the application of this policy by his or her manager.

### **III. Procedures Regarding Financial Transactions**

#### **A. Duty to Disclose**

**An Interested Person has an ongoing obligation to disclose the existence and nature of his or her Financial Interest in any transaction or arrangement undertaken or proposed to be undertaken by University of Victoria.**

**In addition, if an Interested Person becomes aware, or should reasonably be aware, that a transaction or arrangements with an entity or individual in which he or she has a Financial Interest is being discussed or negotiated, he or she must disclose the existence and nature of his or her Financial Interest to the Office of the President and to any office considering any proposed transaction or arrangements that might pose an actual or potential conflict of interest or any appearance of such a conflict.**

#### **B. Determining Whether a Conflict of Interest Exists**

**A Financial Interest is not necessarily a conflict of interest. A person who has a Financial Interest may have a conflict of interest only if the board or appropriate committee decides that a conflict of interest exists.**

**After disclosure of a Financial Interest and all material facts, and after any discussion with the Interested Person, the matter will be taken to the Board of Trustees (the "Board") for decision. The Board shall decide if a conflict of interest exists or if an appearance of conflict of interest exists such that the interests of University of Victoria would be furthered by treating a non-conflict situation as an apparent conflict of interest.**

**Ordinarily, the ownership of publicly traded securities in an amount of less than \$10,000 for any issuer shall not be deemed to create a material Financial Interest in the issuer of the securities. Ordinarily, the ownership of publicly traded securities of any mutual fund or similarly diversified investment fund shall not be deemed to create a Financial Interest in the issuers of securities held by the investment fund.**

#### **C. Procedures for Addressing a Conflict of Interest or Apparent Conflict of Interest**

**An Interested Person may make a factual presentation at the Board meeting, but after such presentation, he or she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that resulted in the conflict of interest or apparent conflict of interest.**

**An Interested Person shall not actively participate in the discussion of, or vote on, the transaction or arrangement that results in the conflict of interest or apparent conflict of interest, either formally at a Board meeting or informally through contact with individual trustees.**

If the Interested Person is a trustee, he or she should not be counted in determining whether a quorum is present for the Board meeting at which the transaction or arrangement that results in the conflict of interest is to be voted upon.

The Chair of the Board shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement. After exercising due diligence, the Board shall determine whether University of Victoria can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board shall determine by a majority vote of the disinterested trustees (or other voting requirement, as provided in the University of Victoria Bylaws) whether the transaction or arrangement is in University of Victoria's best interest and for its own benefit and whether the transaction is fair and reasonable to University of Victoria. The Board shall then make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

#### **D. Violations of the Conflicts of Interest Policy**

If the Board has reasonable cause to believe that a trustee, officer, employee, or volunteer has failed to disclose actual or possible conflicts of interest or apparent conflicts of interest, it shall inform the trustee, officer, employee, or volunteer of the basis for such belief and afford him or her an opportunity to explain the alleged failure to disclose. If, after hearing the response of the trustee, officer, employee, or volunteer and making such further investigation as may be warranted in the circumstances, the Board determines that the trustee, officer, employee, or volunteer has in fact failed to disclose an actual or possible conflict of interest, it shall take such disciplinary and corrective actions as it shall consider appropriate, including removal from office. If the matter concerns a Board member, that trustee shall not actively participate in the discussion of, or vote on, the alleged violation, either formally at a Board meeting or informally through contact with individual trustees.

#### **IV. Records of Proceedings**

The minutes of the Board shall contain:

A. the names of the persons who disclosed or otherwise were found to have a Financial Interest in connection with an actual or possible conflict of interest or apparent conflict of interest, the nature of the Financial Interest, any action taken to determine whether a conflict of interest was present, and the Board's decision as to whether a conflict of interest in fact existed; and

B. the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the names of the persons who recused themselves from such discussion and votes, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

## **V. Compensation Committees**

**A voting member of any committee with board-delegated powers whose jurisdiction includes compensation matters and who receives compensation directly or indirectly from University of Victoria, is precluded from voting on matters pertaining to that member's compensation.**

## **VI. Annual Statements**

**Each trustee, officer, employee, or volunteer annually shall sign the Declaration of Interests Form.**

## **VII. Periodic Reviews**

**To ensure that University of Victoria operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. Periodic reviews shall, at a minimum, include the following subjects:**

- A. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.**
- B. Whether any grants are made to disqualified persons, or otherwise result in an excess benefit transaction.**
- C. Whether arrangements with other organizations conform to University of Victoria's applicable written policies, are properly recorded, reflect reasonable payments for goods and services, if any, further University of Victoria's charitable purposes and do not result in inurement or impermissible private benefit.**

## **VIII. Use of Outside Experts**

**In conducting the periodic reviews provided for in Paragraph VII, University of Victoria may, but need not use outside experts. If outside experts are used, the Board may reasonably rely on the work of such experts, but such reliance shall not relieve the Board of its responsibility to ensure that periodic reviews are conducted.**