CONFLICT OF INTEREST

1. **Purpose**

To provide procedures for reporting by members of the City Council, the City Manager, City Department and Division Heads and any other individual required by the City Manager of situations where a conflict of interest might exist.

2. **Policy**

Section 2-6 of the City Charter states:

(a) The Contracts of Public Servants with Public Entities Act, MCL Sec. 15.321, *et seq.*, shall govern the conduct of public servants of the City in respect to contracts with the City.

(b) Except for public contracts governed by MCL 15.321 *et seq.*, no member of the City Council shall have an interest, directly or indirectly, in any contract, job or work with the City. No member of the City Council shall be financially interested directly or indirectly in the sale to the City of any land, materials, supplies or services. This does not apply to the official services of his or her office.

(c) Any member of the City Council offending the provisions of this section shall, upon conviction thereof, be fined not more than five hundred dollars ($500.00) or be imprisoned not more than ninety (90) days, or both, in the discretion of the court, and shall forfeit their office.

(d) The foregoing prohibitions of this section, as they apply to a Councilmember or Councilmembers**,** shall not apply if the City Council shall declare on its records by an affirmative vote of five (5) of the remaining members of the City Council that the best interests of the City are served despite a personal interest, direct or indirect, and if in compliance with the Contracts of Public Servants with Public Entities Act, MCL § 15.321, *et seq.*

3. **Procedures**

A. Annually, the Director of Finance shall request a statement on conflict from each City Councilmember, the City Manager, Department Head, Division Head and any other individual required by the City Manager. At a minimum, the conflict of interest statement shall require disclosure of transactions between the City of Port Huron and the individual, including the individual's immediate family. For purposes of the form, immediate family is defined as: parents, spouse, brothers, sisters and descendants of the individual completing the form.

B. All conflict of interest statements shall be completed and returned to the Director of Finance within thirty (30) days after receipt of the request.

C. Upon receipt of all completed conflict of interest statements, they shall be evaluated by the Director of Finance, the City's legal counsel and the City's independent auditors.

D. At the first City Council meeting in August, the City Council shall be notified of the results of the evaluation of the conflict of interest statements by the Director of Finance. The City Council shall take such action as is appropriate concerning any council member who fails to complete the form.

E. If a conflict of interest exists that requires disclosure in the City's audited financial statements, the individual will be notified prior to the printing of such audited financial statements by the Director of Finance.

F. The City Council shall be notified of the final results of the evaluation of the conflict of interest statements.

Note: The City Council adopted the following policy on November 27, 2000:

1) Require the Mayor and six (6) Councilmembers to complete a conflict of interest statement within thirty (30) days following the November odd-year City general election. *[Note: This statement was updated in 2011 to reflect that all City Council members file a conflict of interest statement after the odd-year election and not just those elected. The 2011 Charter provides for staggering of Councilmember terms; consequently, all members are not elected in the odd-year elections.]*

2) That the conflict of interest statements be reviewed and presented to City Council at the first regular meeting in the month of March following the November election, effective with the November 2001 election.

Appendix "A"

Dear *(Name)*:

In accordance with Administrative Regulation No. 2-1, you are required to complete the attached Conflict of Interest Statement. In addition, the regulation requires that I submit the names of any individual who does not complete and return this statement within thirty (30) days to the City Council.

If there are situations where you may be in doubt as to appropriate disclosure or representation and wish to further discuss the matter, please do not hesitate to call me.

Your cooperation with this request is required by *(insert name of City's auditors)* in order to complete their examination of the City's financial statements in accordance with generally accepted auditing standards for the year ended June 30, 20____. You will be notified of any matters contained therein that may require disclosure in the City's audited financial statements prior to the printing of such statements.

Please send your completed statement, as soon as possible, directly to me. A copy of the statement is also enclosed for you to keep for your records.

Very truly yours,

Director of Finance