

HOWARD UNIVERSITY POLICY

Policy Number: 300-003
Policy Title: PERSONAL LOANS TO TRUSTEES, OFFICERS AND EMPLOYEES
Responsible Officer: Chief Financial Officer
Responsible Office: Office of the Controller, Office of the Chief Financial Officer
Effective Date: March 5, 2012

I. POLICY STATEMENT

It is the policy of Howard University (“the University”) to conduct business according to generally accepted financial and governance principles and in compliance with relevant regulation. In exercising the ethical stewardship of its financial resources, the University does not grant personal loans to members of the Howard University Board of Trustees, University Officers, or to University employees except loans that are available to the University community (General Public Loans), or in cases delineated in Section V of this policy. In practice, personal loans to trustees, officers and employees could compromise governance, violate ethical standards, and give the appearance of conflict of interest and therefore must be controlled by a well-articulated policy and accompanying procedure.

This policy establishes the University's position regarding loans to trustees, officers, and employees. It is intended to promote an environment and culture of high ethical standards, conduct, and transparency.

II. RATIONALE

The University, at the recommendation of the National Association of College and University Business Officers (NACUBO), is guided by the Sarbanes-Oxley Act of 2002 (SOX) that strongly encourages educational and not-for-profit institutions to review their governance and management practices and adopt best practices for their respective organizations. As a best practice, the University voluntarily complies with the provisions of SOX that prohibit direct and indirect personal loans, including the arrangement of credit, for its trustees and officers. As a matter of the University’s own best practice, this prohibition is extended to include all University employees. The prohibition includes such areas as the use of business credit cards for personal expenditures.

III. ENTITIES AFFECTED BY THIS POLICY

This policy applies to all entities of the University, including Howard University Hospital. The following stakeholder offices are responsible for policy implementation: Office of the President; Office of the Secretary; Office of the General Counsel; and Office of the Chief Financial Officer.

IV. DEFINITIONS

Credit Card – any credit card administered by the University, including the Purchase Card (P-Card), and travel and expense cards.

General Public Loan – money borrowed from the University by a trustee, officer, or employee through a loan program accessible to all members of the University community, structured according to advertised fixed interest rates and repayment terms, and reported to a third-party credit agency.

Officer – employees of the University and the Hospital who serve as University Officers as defined in the University By-Laws.

Personal Loan – money borrowed from the University by a trustee, officer or employee, privately structured according to the person’s particular need and ability to repay, granted for personal use, and not reported to a third-party credit agency.

Trustee – all status of membership, both current and former, of the Howard University Board of Trustees, including General Trustee, Constituent Trustee, Emeritus or Emerita Trustee, and Honorary Trustee.

V. POLICY PROCEDURES

Howard University, including Howard University Hospital, shall not use any funds under its control to make a personal loan to a trustee, officer, or employee of the University. This prohibition does not apply to the provision of loans (General Public Loans) that are generally available to the public, such as student loans.

Trustees, officers, and employees are also prohibited from receiving other forms of extension of credit from the University, such as “guarantees” to third party lenders.

Exceptions

Exceptions to this policy include:

- The use of credit cards, such as corporate travel and expense cards, that are issued by the University to trustees, officers, and employees for the express purpose of conducting University business; and
- Reimbursement of relocation expenses pursuant to an executed standard University Relocation Agreement as defined in 500-004 *Relocation Expense Reimbursement* policy.

This policy may be superseded by actions of the Executive Committee of the Board of Trustees, upon recommendation of the Compensation and Succession Committee.

VI. INTERIM POLICIES

There are no interim policies.

VII. SANCTIONS

Failure to adhere to this policy may result in disciplinary action up to and including termination of employment.

VIII. WEBSITE ADDRESS

www.howard.edu/policy