

# DST POLICIES AND PROCEDURES

**DST Reference:** OST-PRO-1002-MUL  
**Title:** Boards and Commissions Administration Procedure  
**Chapter:** Legal  
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**Applies to:** NC Department of State Treasurer – Investment Management Division, Office of State Treasurer, Retirement Systems Division, State Health Plan Division, State and Local Government Finance Division and Supplemental Retirement Plans.

**Keywords:** Abstain, Appointment, Compensation, Board Member, Ethics, SEI Evaluation, Recusal

## Purpose

The purpose of this procedure is to ensure that all pertinent divisions of the Department of State Treasurer (Department or DST) comply with North Carolina General Statutes in the appointment of qualified board and committee members, that all members comply with the State Government Ethics Act (Ethics Act), if required. This procedure also outlines the different roles and responsibilities of staff involved with managing and working with the board and committees. Finally, this procedure outlines statutory reporting requirements by individual boards to the Secretary of State related to board composition under N.C. Gen. Stat. § 143-157.1.<sup>1</sup> (S.L. 2019-167).

## Policy

DST has thirteen different boards, commissions, committees, and panels (collectively referred to herein as “boards”) that operate within the eight divisions of the Treasurer’s office. These boards are statutorily created to conduct the various public business of the State of North Carolina.

The process for monitoring member appointments, term expirations, qualifications for the board position, becoming “duly qualified” and completing the requirements of the State Government Ethics Act (Chapter 138A), as applicable, is established within the General Administration (GA) section of the Office of the State Treasurer (OST). The Chief of Staff may authorize a member of OST to serve as the DST Boards and Commissions Administrator (Administrator). The Compliance Officer within Legal Services is currently designated as the DST Boards and Commissions Administrator.

## DST Boards and Commissions

The following is a list and description of the boards that function within the Department:

#	Board	Division	Purpose	N.C. Gen. Stat.
1.	ABLE Board of Trustees	RSD	Oversees the Achieving a Better Life Experience (ABLE) Program Trust	§ 147-86.70 et seq.

<sup>1</sup> This statute was amended in 2019 under S.L. 2019-167 (Senate Bill 478) to now require the individual boards, and not the appointing entities, to report gender appointment information to the Secretary of State.

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#	Board	Division	Purpose	N.C. Gen. Stat.
2.	North Carolina Capital Facilities Finance Agency (NCCFFA)	SLG	Provides tax-exempt financing to non-profit institutions providing elementary and secondary education, private institutions of higher education and various other entities for special purpose projects serving a public interest.	§ 159D-1 et seq.
3.	Debt Affordability Advisory Committee	SLG	Annually advises the Governor and General Assembly on the estimated debt capacity of the State for the upcoming 10 fiscal years.	§ 142-101(d)
4.	DST Internal Audit Committee	OST	Ensures the integrity of financial reports and other financial information provided to any governmental body or the public, provides oversight over the performance of the Internal Audit section, and ensures compliance with internal controls regarding finance, accounting, legal compliance, and operating procedures.	§ 143-746
5.	Investment Advisory Committee (IAC)	IMD	Advises the State Treasurer on investments.	§ 147-62.2(b1)
6.	Local Government Commission (LGC)	SLG	Provides oversight and assistance to local governments and authorities in financial and debt management practices and provides approval of the issuance of debt for all local units.	§ 159-3
7.	Local Governmental Employees' Retirement System Board of Trustees (LGERS)	RSD	Provides benefits to employees of cities, towns, counties, boards, commissions, and other entities of local government. Participation is voluntary.	§ 128-22
8.	Board of Trustees of the North Carolina State Health Plan for Teachers and State Employees	SHP	Administers the North Carolina State Health Plan for Teachers and State Employees.	§ 135-48.20
9.	Supplemental Retirement Board of Trustees	RSD	Administers the supplemental retirement income plan and the public employee deferred compensation plan.	§ 135-96
10.	Teachers' & State Employees' Retirement System Board of Trustees (TSERS)	RSD	Administers the Teachers' and State Employees' Retirement System.	§ 135-6
11.	Firefighters' and Rescue Squad Workers' Advisory Panel	RSD	Prepares annual report to LGERS of the status and need of the NC Firefighters' and Rescue Squad Workers' Pension Fund.	§ 58-86-1 et seq.
12.	Pharmacy & Therapeutics Committee	SHP	The State Health Plan, being a closed formulary, established the committee to advise the Board of Trustees of the North Carolina State Health Plan for Teachers and State Employees on administration of its pharmacy benefits, and to advise regarding the	§§ 135-48.51(2); 58-3-221(a)(1)

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#	Board	Division	Purpose	N.C. Gen. Stat.
			Plan’s formulary, utilization and management programs, and other pharmacy programs and benefits	
13.	RSD Medical Board	RSD	Reviews medical records and other information on applications for disability retirement.	§§ 135-6; 128-28

## Definitions

*Covered Board:* A board that has been designated by the North Carolina State Ethics Commission (Ethics Commission) as being a “covered board” under N.C. Gen. Stat. §§ 138A-3(3) and 138A-11. Boards that have only advisory authority are not designated as Covered Boards.

*Covered Person:* An individual who is subject to all or parts of the State Government Ethics Act as a public servant. A voting member of a Covered Board is a Covered Person under the Ethics Act. (See N.C. Gen. Stat. §§ 138A-3(21); 138A-3((70)(i).

*Ethics Education:* Mandatory ethics training required by the Ethics Act to make Covered Persons aware of actual or potential conflicts of interest with respect to their public duties and responsibilities as well as the consequences for violating the Ethics Act.

*North Carolina State Ethics Commission:* The State entity charged with enforcing the State Government Ethics Act, including providing ethics training and accepting and reviewing Statements of Economic Interest.

*Qualified:* Meets the specific statutory criteria for a member for each board and committee.

*State Government Ethics Act:* Chapter 138A of the North Carolina General Statutes ensures that elected and appointed State officials and employees conduct the public’s business honestly, and fairly, free from impropriety, threats, favoritism, and undue influence.

*Statement of Economic Interest (SEI) Form:* Annual form filed no later than April 15 of each year with the Ethics Commission by all Covered Persons, which discloses financial and personal interests for the prior calendar year for purposes of identifying potential or actual conflicts of interest.

*SEI Evaluation:* Evaluation issued by the Ethics Commission based on the current SEI, which advises the Covered Person, the appointing authority, and the State Treasurer of any actual or potential conflicts of interest between the covered person’s public duties and private interests.

## Roles and Responsibilities

1. Division Directors and Board Liaisons:
  - A. Informs the Administrator of board member resignations and decisions to not seek reappointment, if received;
  - B. Serves as staff liaison to current board and committee members for communications and

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- distributing meeting and other materials;
- C. Provides orientation and any required fiduciary training to new members, in collaboration with Division Legal Counsel;
  - D. Collects required board member information (including contact information) and required forms, including expense reimbursement forms;
  - E. Publishes notices of all public meetings on the DST website, posts internal and files the annual meeting calendar with the Secretary of State as required under the Open Meetings Law;<sup>2</sup>
  - F. Drafts and updates Board Profiles as appropriate for the public website;
  - G. Works with IT to ensure that board meetings are broadcast live and recorded for later posting to the DST website pursuant to the *Recording Board Meetings Policy* [OST-POL-2006-MUL]; and
  - H. Ensures that any SEI evaluation letters that were presented to the board as required under the Ethics Act at N.C. Gen. Stat. § 138A-15(c) are attached and made a part of all approved and signed meeting minutes (both paper and electronic versions).
2. General Counsel or Division Legal Counsel:
- A. Assists the Administrator with oversight of board member compliance with the State Government Ethics Act;
  - B. Contacts members, as needed, who fail to respond and comply with the State Government Ethics Act;
  - C. Provides guidance in interpreting and applying board statutes to ensure board composition is statutorily sound;
  - D. Assists the Chair and Division Director with public meetings and hearings, including answering questions about and applying various Robert’s Rules of Order provisions; and
  - E. Ensures that an abstention from voting by a board member is recorded in the meeting minutes and ensures that the board member provides, in a separate writing, the reasons for the board member’s abstention pursuant to N.C. Gen. Stat. § 138A-36. Board counsel and Board Liaison will work to collect the writing then provide to the Administrator for retention.
3. Board and Committee Administrator:
- A. Develops, manages, and maintains an administrative tracking process for board membership, including recruitment and appointment;
  - B. Works with Communications staff to update external OST Boards and Commissions website as board membership changes (also assists to update division websites as needed);
  - C. Tracks each board’s membership composition as required under statute, and tracks each member’s status on the board to ensure specific qualifications to be a member continue to

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<sup>2</sup> See N.C. Gen. Stat. § 143-318.12 regarding public notice of official meetings.

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be met;<sup>3</sup>

- D. Maintains the Boards and Commissions Team Site on SharePoint by providing access to necessary staff and uploading various documents related to board member service for shared access by Board Liaisons and other staff. Such documents can include: letters of appointment, oaths of office, resumes, and resignation letters. (See *Desktop Guide on Granting Access to SharePoint Boards and Commissions Site*);
- E. Works with Division Director and Board Liaison to ensure new and updated SEI Evaluations are presented to members for review and made a part of the meeting minutes as required under N.C. Gen. Stat. § 138A-15(c) (See *Desktop Guide on Boards and Commissions Administration* for more information) tracks that SEI evaluations are attached to and “made a part of” signed and approved minutes;
- F. Maintains all completed Board Member Conflict of Interest: Abstention & Recusal Forms (Appendix A) or other writings documenting a board member’s abstention or recusal from official board action. Retains and saves forms separately from the meeting minutes per retention requirements. (see N.C. Gen. Stat. §§ 138A-15(c) (See *Desktop Guide on Boards and Commissions Administration* for more information));
- G. Drafts “thank you” letters for the Treasurer’s signature when a member’s service ends;
- H. Serves as the DST liaison to the external appointing authorities (Governor, Speaker of the House, Senate President Pro Tempore);
- I. Works with General Counsel or Division Legal Counsel to ensure potential member’s credentials and appointment/re-appointment terms are consistent with statutory requirements respecting board composition and term limits;
- J. Works with Division Directors and Board Liaisons to ensure any long-term designees of ex-officio board members have an SEI evaluation on file and oath completed (See *Desktop Guide on Boards and Commissions Administration* for more information);
- K. Provides regular updates (i.e., quarterly) on board membership status to the State Treasurer, Chief of Staff, appropriate division directors, General Counsel, division counsel and Board Liaisons, including any resignations, new appointments or change in status;
- L. Tracks board member compliance with the State Government Ethics Act as required by the Ethics Commission and sends reminders and follow-ups as needed respecting the following:
  - i. Annual filing of the SEI Form by April 15;
  - ii. Completion of the Ethics and Lobbying Education Course within six months of appointment and every two years thereafter;
- M. Provides new board members information about board compensation and expense

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<sup>3</sup> For example, some boards require a member to be an active county commissioner as a qualification for membership. If a member’s status changes and he or she is no longer an active county commissioner, this fact must be known and shared with the Treasurer, Chief of Staff, the Division Director, Legal staff, and other staff as appropriate. A communication about the change in status may also be sent to the appointing entity (See the *Desktop Guide on Boards and Commissions Administration* for more information).

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reimbursement and provides the necessary forms to receive per diem compensation through the State payroll system or to waive compensation. Also provides the required form to receive expense reimbursement. Coordinates completion of required forms with HR and the Board Liaison. (See *Desktop Guide on Boards and Commissions Administration* for more information);

- N. Provides information on new and departing board members to Financial Operations Division and Human Resources personnel, for payroll and expense processing and completes an HR Form 1;
- O. Communicates with board members whose terms are expiring to acknowledge the term is ending, to explain the role of the appointing authorities to either re-appoint or replace, to explain the ability to continue serving in “holdover status” (if willing and able), and to ask whether the member is able to continue serving in “holdover status.” See *Desktop Guide on Boards and Commissions Administration* for more information); and
- P. Submits the gender appointment report required under N.C. Gen. Stat. § 143-157.1 by September 1 of each year to the Office of the Secretary of State (see below for more information).

## Covered Boards

The following boards are Covered Boards under the Ethics Act, making their members “Covered Persons” and subject to the requirements of that Act, particularly for filing an annual Statement of Economic Interest<sup>4</sup> form and completing Ethics and Lobbying training:

- ABLE Board of Trustees
- North Carolina Capital Facilities Finance Agency
- Local Government Commission
- Local Governmental Employees’ Retirement System Board of Trustees
- Board of Trustees of the North Carolina State Health Plan for Teachers and State Employees
- Supplemental Retirement Plan Board of Trustees
- Teachers’ and State Employees’ Retirement System Board of Trustees

## Non-Covered Boards

The following boards, operating as advisory boards, are not covered boards under the Ethics Act:

- Debt Affordability Advisory Committee
- DST Audit Committee
- Investment Advisory Committee
- Fire and Rescue Advisory Panel
- Pharmacy and Therapeutics Committee
- RSD Medical Board

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<sup>4</sup> Note that the threshold requirement to file an SEI for a board member is service on a Covered Board. Compared to the threshold requirement for a covered employee to file an SEI form which is an annual salary of \$60,000. Board members do not have the same annual salary threshold.

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Board members of non-covered boards are not considered “Covered Persons” and are not required to file the annual SEI Form nor complete the mandated ethics training.

## Implementation

### 1. SEI Filing Requirements and Ethics and Lobbying Education Course

To assist members of Covered Boards in complying with the Ethics Act, the Administrator will track due dates and completion dates for two requirements of the Ethics Act<sup>5</sup> as follows:

#### A. Initial Statement of Economic Interest (SEI) Forms

For new appointees the Administrator will send a welcome email explaining the need to file an SEI form, the requirement to complete ethics training within six months and to complete an oath form, if applicable. The appointment letters from the Speaker and the Pro Tempore also explain the need to file an SEI form and to complete the Ethics and Lobbying Education course. (See *Desktop Guide on Boards and Commissions Administration* for more information, including a sample welcome email.)

#### B. Annual SEI Filings

Every year in January the Ethics Commission updates the SEI form to be used that year and posts the new forms to its website. Once the new form is available, the Administrator will email reminders to all members of Covered Boards explaining the need to file the annual SEI form by April 15 of the current year (providing information for the prior calendar year). SEI forms can be submitted electronically or in paper and are filed directly with the Ethics Commission (not received by DST). This initial email to board members should be sent with members listed as “bcc” (Blind Carbon Copy) so that members do not “reply all” to all other members.

Periodic reminders will be sent by the Administrator to board members to remind them of the need to file by April 15. Reminders may be sent around March 1 and again on April 1. A member’s SEI filing status can be viewed on the Ethics Commission’s Ethics Liaison site via a search of the name of the Covered Board.

After April 15, the Administrator will periodically check for any members still needing to file the SEI and send reminders as needed. Eventually, the Ethics Commission will contact the Ethics Liaison for DST (who may also be the Administrator) about the past due board members requesting assistance to gain compliance.

- Members who do not file an SEI **may be assessed a \$250 fine** by the Ethics Commission if the form is not filed within 30 days of the Commission requesting filing (N.C. Gen. Stat. § 138A-25(b)).

#### C. Initial and Biennial Ethics and Lobbying Education Training

Covered Board members are required to complete an ethics and lobbying education course offered by the Ethics Commission within six months of being appointed and every two years thereafter (N.C. Gen.

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<sup>5</sup> The Administrator may also serve as the Ethics Liaison to the Ethics Commission for the Department and for each covered board. The Ethics Act requires that an Ethics Liaison be designated by the agency (N.C. Gen. Stat. § 138A-14(f)).

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Stat. § 138A-14). The Administrator will provide new Covered Board members with information about completing the required; this may be included in the initial welcome email. The Administrator will track completion of the initial ethics training and send follow-ups as needed.

The Administrator will also track the due date of the biennial refresher course for board members and send reminders of the required biennial refresher course about 40–60 days ahead of the due date. The completion status for board members’ ethics training, and the next due date, can be viewed on the Ethics Commission’s Ethics Liaison site via a search of the name of the Covered Board.

## 2. Recusals from Board Action Provided in Writing

Another requirement of the Ethics Act of Covered Board members is avoiding conflicts of interest. The Ethics Act at N.C. Gen. Stat. § 138A-36 explains that Covered Board members must not participate in official actions if there is an actual or potential conflict of interest. Recusals are necessary if:

(i) in taking an “official action” there is a reasonably foreseeable financial benefit to the covered board member of a person with which the covered board member is associated (N.C. Gen. Stat. § 138A-36(a)); or

(ii) the covered board member’s impartiality may be questioned in a “quasi-judicial” or “quasi-legislative” proceeding due to a familial, personal, or financial relationship (N.C. Gen. Stat. § 138A-36(c)).

If recusal is necessary, N.C. Gen. Stat. § 138A-36(b) requires that the Covered Board member “abstain from taking any verbal or written action in furtherance of the official action . . . and . . . shall submit in writing to the employing entity the reasons for the abstention.” In addition, if the “employing entity is a board, the abstention shall be recorded in the [meeting] minutes.”

As a result, the board member’s abstention from voting or taking other official action must be documented in the meeting minutes. In addition, to satisfy the “writing” requirement, the “Board Member Conflict of Interest: Abstention and Recusal Form” (**Appendix A**) may be completed by the member and returned to board counsel or the Board Liaison.

This form, or other writing documenting the reasons for abstaining from action, must be forwarded to the Administrator for filing and retention once collected. Written abstentions will be filed and saved separately from the official meeting minutes and will not be posted online. The Administrator will be the repository for saving all board recusal and abstention forms.

Abstention and recusal forms can be categorized for records retention under the “[Governance Function](#)” of the Functional Schedules under RC No. 634.1<sub>1</sub> “Governing and Advisory Body Member Files” described as “records concerning members of elected and appointed bodies other than those appointed by the Governor or Lieutenant Governor; includes oaths of office, codes of conduct, ethics statements, agreements, notices of resignation, and other related records.” DST is choosing to retain these records for the longer period of: (i) the duration of the board member’s service on the board plus one year or (ii)

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four years<sup>6</sup> after the vote from which the member abstained or recused. Generally, abstention and recusal forms are public record; however, they may contain confidential information which may be redacted according to applicable DST policy and State law.

### **3. Board Member Per Diem Compensation & Expense Reimbursement**

Most board members are eligible to receive per diem compensation for their service on a board. N.C. Gen. Stat. § 138-5 establishes the rate and which members are eligible. Board members “whose salaries or any portion of whose salaries are paid from State funds” are not eligible for per diem compensation. Those members who would be precluded from receiving per diem compensation include State employees, teachers at public universities, and teachers in public school systems.

The Administrator will determine if the new member is eligible to receive per diem compensation for board service under N.C. Gen. Stat. 138-5. The Administrator should consult with DST General Counsel or board counsel as needed in making this determination.

Enrolling a new board member who is eligible and who wishes to receive per diem compensation and setting up a board member to receive expense reimbursement requires coordination of the Administrator, HR staff, FOD Accounting Technician III, and Board Liaisons. The Administrator will provide the initial contact to the board member explaining the per diem and reimbursement process as applicable and providing the requisite HR and expense reimbursement forms. (See *Desktop Guide on Boards and Commissions Administration* for more information, including a sample welcome email.)

### **4. Expiration of Members’ Terms and Holding Over; Notification to Members**

When a member’s term expires, they are encouraged to continue in their respective positions until a successor is appointed and duly qualified pursuant to N.C. Gen. Stat. § 128-7 and the N.C. Constitution Article VI, Sec. 10. When a member is in “holdover status” they are required to continue completing the requirements of the Ethics Act (i.e., still filing an annual SEI form and completing Ethics Training). If a member does not wish to continue completing the requirements of their position they must resign, in writing, creating a vacancy.

Approximately forty days before a member’s term ends, the Administrator will communicate with board member acknowledging that the term is expiring and explaining the process generally with respect to potential re-appointment or replacement. The communication asks the board member to inform the Administrator whether the member can continue serving in “holdover status” after the member’s term expires or whether the member must end his or her service. The applicable Division Director and Board Liaison should be included on the email communication. (See *Desktop Guide on Boards and Commissions Administration* for more information, including a sample communication).

## **Reports by State Boards**

N.C. Gen. Stat. § 143-157.1 was amended in 2019 to require Covered Boards (non-advisory boards as designated by the State Ethics Commission under Chapter 138A) to submit an annual report to the

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<sup>6</sup> A four-year retention period generally follows the three-year statute of limitations for claims to be brought against all State departments and agencies under N.C. Gen. Stat. § 143-299. The retention here being a total of three-years plus one year.

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Secretary of State which discloses the following:

- (1) The number of appointments made during the preceding year.
- (2) The number appointments of each gender made, expressed both in numerical terms and as a percentage of the total membership of the body.

This report is due September 1 of each year. In 2019, the Secretary of State established an automated portal for submission of this information electronically by all non-advisory state boards. The Secretary of State’s Office provides directions to all Ethics Liaisons for the Ethics Commission for creating an online account for the submission of the information. Ethics Liaisons are the point of contact for this process because only covered boards (non-advisory boards) are required to submit the reports. (See *Desktop Guide on Boards and Commissions Administration* for information on submitting these reports electronically.)

## Enforcement

Enforcement of these procedures is the responsibility of the Chief of Staff. Noncompliance with these procedures will be addressed by the Director and may result in disciplinary action up to and including dismissal.

## References

- State Government Ethics Act, Chapter 138A
- North Carolina State Ethics Commission
- Board and Commission Expense Procedure [FOD-PRO-5030-ALL]
- Recording Public Meetings Policy [OST-POL-2006-MUL]
- Desktop Guide on Boards and Commissions Administration
- Desktop Guide on Granting Access to SharePoint Boards and Commissions Site
- [OST Crosswalk for Records Retention \(2023\)](#)

## Revision/Review History

Version	Date	Description of Changes
1.0	6/3/2013	New Procedure
1.1	10/6/2016	Process Changes, including completion of Boards & Committees Transparency Form
1.2	1/24/2017	Technical change; updated Appendix A Transparency Form to include current logo for Treasurer Folwell’s Administration.
1.3	6/6/2017	Technical change, updating Appendix A to include updated branding design for administration
1.4	3/22/2018	Technical changes during annual review, added table listing all DST boards, their purpose & citations; clarified which boards are covered boards and non-covered boards under Ethics Act; updated roles & responsibilities; updated name of policy
1.5	6/6/2018	Technical changes to update new citations to Ethics Act (Chapter, 163A)

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1.6	3/4/2019	Changed title to “Boards and Commissions Administrations Procedure”; technical and formatting changes to Appendix A
2.0	5/16/2019	Added new Board Member Conflict of Interest and Recusal Form as Appendix B for board members to use to document reasons for recusals in writing; added need to have SEI Evaluations presented to board members at meetings and to be made a part of the meeting minutes; added information about need for designees of ex-officio members to have SEI forms and oaths on file; updated references using Ethics Commission after legislative changes.
3.0	7/6/2020	Updated position titles; updated statutory references for Ethics Act; added information for new annual report on gender appointments to Secretary of State’s Office that are now to be filed by the individual boards instead of the appointing authorities.
3.1	9/22/2021	Removed reference to process of recommending appointments to appointing entities; updated Compliance Officer as now a member of Legal Services team; removed definition of “due diligence;” removed collection of the Boards and Commissions Transparency Form as collection of this information is no longer required & removed Appendix A “Boards & Commissions Transparency Form; changed chapter to “Compliance”.
4.0	8/22/2023	Added more information for tracking SEI and ethics training; clarified board recusal process to note that recusals must be documented in the minutes and with documentation in a separate writing; updated retention of recusal forms and that Administrator is repository for retention; updated the Board Member Conflict of Interest Recusal Form; more information provided on per diem compensation and expense reimbursement; included process for communicating with members about end of term, and information on “holding over.”
4.1	12/10/2024	Minor technical and formatting updates

### Appendices

Appendix A – Board Member Conflict of Interest: Abstention & Recusal Form

*For questions or clarification on any of the information contained in this policy, please contact the policy owner or designated contact point: [Boards and Commissions Administrator, Elizabeth Hawley at elizabeth.hawley@nctreasurer.com](mailto:Boards and Commissions Administrator, Elizabeth Hawley at elizabeth.hawley@nctreasurer.com). For general questions about department-wide policies and procedures, contact the [DST Policy Coordinator](#).*

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APPENDIX A

## Board Member Conflict of Interest: Abstention & Recusal Form

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Board Member Name

Name of Board

Pursuant to the State Government Ethics Act (N.C.G.S. § 138A-36), board members must abstain or recuse themselves from taking action when there is an actual or potential conflict of interest between their personal or business interests and their duty to represent the general public. The abstention/recusal must be recorded in the meeting minutes. In addition, the member must also separately document the reason for the abstention/recusal in writing to board counsel or the Board Liaison. That writing can be with this form:

I have a conflict of interest in the following Board matter: [describe agenda item]

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I am recusing myself from discussion of this agenda item and have abstained from the official action or proceeding on this matter based on the following potential or actual conflict of interest(s):

- |   |   |
|---|---|
| <input type="checkbox"/> financial benefit <sup>7</sup>                   | <input type="checkbox"/> familial relationship <sup>8</sup> conflict (including members of extended family <sup>9</sup> ) |
| <input type="checkbox"/> employment or association <sup>10</sup> conflict | <input type="checkbox"/> personal conflict (including friendships or a leadership position in an organization)            |
| <input type="checkbox"/> other conflict                                   |   |

The conflict being described as: \_\_\_\_\_

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I intend for this statement to satisfy the requirement to “submit in writing . . . the reasons for the abstention” pursuant to N.C.G.S. § 138A-36(b). This form will be treated as a public record unless an exemption applies.

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Board Member Signature

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Date

<sup>7</sup> Defined as “A direct pecuniary gain or loss” to the board member or a person or entity with which the board member is associated N.C.G.S. § 138A-3(30). “With which associated” includes the board member’s employer; members of Extended Family; employers of Immediate Family; the board member as a director, officer, partner or similar position (irrespective of compensation received); an entity in which the board member has a financial interest (lesser of \$10K or 5% interest); or non-profit organization where the board member or an immediate family member is on the board of directors is a corporate officer.

<sup>8</sup> Defined as “an unemancipated child of the covered person residing in the household and the covered person's spouse, if not legally separated. A member of a covered person's extended family shall also be considered a member of the immediate family if actually residing in the covered person's household.” [N.C.G.S. § 138A-3(40)]

<sup>9</sup> Defined as a “spouse, lineal descendant, lineal ascendant, sibling, spouse's lineal descendant, spouse's lineal ascendant, spouse's sibling, and the spouse of any of these individuals.” [N.C.G.S. § 138A-3(25)]

<sup>10</sup> An association conflict can include the board member’s employer; members of extended family; employers of immediate family; the board member as a director, officer, partner or similar position (irrespective of compensation received); or in which the board member has a financial interest (lesser of \$10K or 5% interest); or non-profit organization on which the board member or an immediate family member serve on the board of directors or as a corporate officer.

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