

POLICY SERVICES

ADVISORY

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Policy Advisory No. 1067Policy BCB — Board Member Conflict
of Interest
Exhibit BCB-E — Board Member Conflict
of Interest

Policy Advisory No. 1068 Policy GBEAA — Conflict of Interest
Exhibit GBEAA-E — Conflict of Interest

Summary

The following policy advisories reflect updated requirements for Conflict of Interest (COI) in the 2027 Uniform System of Financial Systems (USFR) updates. Impacts include specific training requirements, disclosures, and maintenance of records.

Policy Advisory Discussion

Policy Advisory No. 1067 **Policy BCB — Board Member Conflict
of Interest**
**Exhibit BCB-E — Board Member Conflict
of Interest**

Policy BCB updates include board member requirements for annual training, filing Disclosure Forms, investigations, and maintenance of records.

BCB-E updates align the Disclosure Form with USFR guidance.

Policy Advisory No. 1068 **Policy GBEAA — Conflict of Interest**
Exhibit GBEAA-E — Conflict of Interest

Policy GBEAA updates include employee requirements for annual training, filing Disclosure Forms, investigations and remediation, and maintenance of records.

GBEAA-E updates align the Disclosure Form with USFR guidance.

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If you have any questions, call Policy Services at (602) 254-1100. Ask for Dr. Charlotte Patterson, Policy Analyst; Lynne Bondi, Policy Analyst; or Renae Watson, Policy Technician. Our e-mail addresses are, respectively, [cpatterson@azsba.org], [lbondi@azsba.org] and [rwatson@azsba.org]. You may also fax information to (602) 254-1177.

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ADVISORY 1067

**BCB ©
BOARD MEMBER CONFLICT
OF INTEREST**

**Board Member Voting
Restrictions**

Notwithstanding any other provision of law, a Governing Board member shall be eligible to vote on any budgetary, personnel, or other question that comes before the Board, except that it is unlawful for a member to vote on a specific item that concerns the appointment, employment, or remuneration of the Board member or a Board member's spouse or dependent as defined in A.R.S. 43-1001 and in accordance with A.R.S. 15-323.

Employment Limitations

No dependent, as defined in A.R.S. 43-1001, of a Governing Board member may be employed in the District, except by consent of the Board in accordance with A.R.S. 15-502. Small school Districts, as defined by A.R.S. 15-901, are granted an exception regarding employment of substitute teachers. [A.R.S. 15-421(E)]

No employee of the District or the spouse of such employee may hold membership on the Governing Board of the District. Small school Districts, as defined by A.R.S. 15-901, are granted an exception regarding employment of substitute teachers. [A.R.S. 15-421]

Pursuant to A.R.S. 15-421, the District is allowed to employ, including through a third (3rd)-party contractor who provides services to the District, any person who served as a member of the School District Governing Board during the preceding two (2) years only in a position in which the person will provide services directly to students, including as a certificated, a substitute teacher, and an employee or contractor who provides transportation, instructional support, or student support services. The District is authorized to increase the time period for this restriction to be more than two (2) years.

Conflicts of Interest

The District shall annually provide conflict of interest training to all Board members. The training shall include information regarding the District's policies regarding conflicts of interest, what constitutes a substantial and remote interest under the applicable statute, the definition of relative pursuant to A.R.S. 38-502(9), how and when to complete the District's annual Conflict-of-Interest Disclosure Form, the requirements to refrain from discussion or voting on a matter in which they or a relative has a substantial interest, and the penalties for violating the applicable statutes.

Note: This material is written for informational purposes only, and not as legal advice. You may wish to consult an attorney for further explanation.

Each Board member shall annually complete and sign the District's Conflict-of-Interest Disclosure Form (BCB-E) and within fifteen (15) days of any change in circumstance. Board members shall complete and sign the Conflict-of-Interest Disclosure Form every January of their term and, if they are a new Board member, within five (5) days of starting their term. Evidence of the guidance provided and signed Disclosure Forms shall be maintained by the District in compliance with the Uniform System of Financial Records (USFR), and all disclosures shall be kept on file for public inspection as required by A.R.S. 38-509.

Any Board member or employee of the District who has, or whose relative has, a substantial interest in any contract, sale, purchase, or service to the District shall make known that interest in the official records of the District and shall refrain from voting upon or otherwise participating in any manner as a Board member or employee in such contract, sale, or purchase. [A.R.S. 38-503]

Any Board member or employee who has, or whose relative has, a substantial interest in any decision of the District shall make known such interest in the official records of the District and shall refrain from participating in any manner as a Board member or employee in such a decision. [A.R.S. 38-503]

"Refrain from participating in any manner" means more than just refraining from making a final decision. It means participating in any way in the process leading up to a decision. An employee with a conflict of interest must not make recommendations, give advice, or otherwise communicate in any manner with anyone involved in the decision-making process.

Investigations

The District will investigate allegations of inadequate disclosure of substantial interests and/or inappropriate participation in a Governing Board meeting or other discussions when a substantial interest may exist.

Purchases from Governing Board Members

School district procurement rules are required for all purchases of service from Governing Board members, regardless of the dollar amount. Purchases for services may only be made after public competitive bidding. Purchases of supplies, materials, and equipment from Board members are subject to the following:

- A. Purchases less than one hundred thousand dollars (\$100,000) comply with the Uniform System of Financial Records (USFR) guidelines and written quotations.
- B. Purchases of one hundred thousand dollars (\$100,000) and above comply with the school district procurement rules for public competitive bidding.

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***Purchases from Governing Board
Members for Districts with
3,000 or More Students:***

- A. Purchases for supplies, materials, and equipment are limited to three hundred dollars (\$300) per transaction.
- B. Total purchases within any twelve (12) month period are limited to one thousand dollars (\$1,000).
- C. The Board has, by majority vote, adopted or reconfirmed a policy authorizing such purchases within the preceding twelve (12) month period.

***Purchases from Governing Board
Members for Districts with
Fewer than 3,000 Students:***

- A. Each purchase is approved by the Governing Board;
- B. Although there is no limit on the amount of the purchase, the amount of the purchase is included in the Board's meeting minutes.

Filing of Disclosures

The District shall maintain in the District's official records and for public inspection in a special file all Board Member Conflict of Interest Disclosure Forms and all other documents necessary to memorialize all disclosures of substantial interest made known pursuant to the statutory conflict-of-interest provisions. [A.R.S. 38-509]

Adopted: _____

LEGAL REF.:

A.R.S.

15-213

15-323

15-421

15-502

38-481

38-503

38-509

43-1001

A.G.O.

I84-012

I87-035

I88-013

I06-002

Attorney General Arizona Agency Handbook, Chapter 8
Uniform System of Financial Records

CROSS REF.:

BBBA - Board Member Qualifications

DJE - Bidding/Purchasing Procedures

Note: This material is written for informational purposes only, and not as legal advice. You may wish to consult an attorney for further explanation.

BCB-E ©

EXHIBIT

**BOARD MEMBER CONFLICT
OF INTEREST**

DISCLOSURE FORM

Governing Board members must file a Conflict of Interest Disclosure within five (5) calendar days after assuming office and at least annually thereafter, either identifying any substantial interest the board member or the board member's relative has or stating that neither the board member nor the board member's relative has any substantial interest requiring disclosure.

All Conflict of Interest Disclosure Forms shall be filed with _____ [name District location/department] and maintained in the District's official records in accordance with law.

It is the board member's responsibility to update and submit a revised Disclosure Form to the location/department noted above within fifteen (15) calendar days after any new substantial interest arises following the date of the most recent disclosure.

I, _____, do hereby indicate that:

1. That I am presently an officer/employee District Governing Board Member of the _____ School District, and that;

A. I understand my responsibility for disclosing conflicts of interest as required by Arizona law and Policy BCB;

B. I understand the statutory consequences for noncompliance with conflict of interest in A.R.S. 38-510 and any additional consequences imposed in accordance with Policy BCB;

C. I agree to comply with all conditions and restrictions the District imposes regarding my involvement for which I or my relative have a conflict of interest;

D. I agree to submit an updated Disclosure Form for any changes to circumstances within fifteen (15) days.

Date

Signature

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STATEMENT OF NO CONFLICT

**To be completed only if you do not or your relative does not
have a conflict of interest.**

I, _____, do hereby indicate that I do not have, and none of my relatives has, a substantial interest in any contract, sale, purchase, service, decision, investigation, or other matter of the _____ School District.

Date _____ Signature _____

STATEMENT OF CONFLICT

**To be completed only if you or your relative
has a conflict of interest.**

~~2. That~~ I (or my relative[s]: _____) have a substantial interest in the contract, sale, purchase, decision, investigation, or other matter by the _____ Governing Board as described below.

Identify the contract, sale, purchase, service, decision, investigation, or other matter in which you or your relative may have a "substantial interest" under A.R.S. §§ 38-501 to 511. (Use as much space as necessary.)

Describe the "substantial interest" referred to above. (Use as much space as necessary.)

**STATEMENT OF DISQUALIFICATION FROM PARTICIPATING
IN A GOVERNING BOARD MATTER**

**To be completed if you have a conflict as identified above
with an item on a Governing Board Meeting Agenda.**

To avoid any possible conflict of interest under A.R.S. §§ 38-501 to 511, I will refrain from participating in any manner in the matter identified above on Item _____ on the _____ (date) Governing Board Agenda because I or my relative has a conflict of interest in the matter. If I have not previously disclosed this conflict of interest, I will prepare and submit an updated Board Member Conflict of Interest Disclosure Form that provides the necessary information regarding my conflict.

I understand that I should also orally indicate my conflict with the Agenda Item at the meeting, if I am in attendance, and then refrain from participating in any matter.

This Statement of Disqualification will be maintained with the minutes of the Governing Board meeting at which I have declared my conflict.

Date

Signature

~~The District will investigate allegations of inadequate disclosure of substantial interests and/or inappropriate participation when a substantial interest may exist.~~

ADVISORY 1068

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**GBEAA ©
CONFLICT OF INTEREST**

Employment of Close Relatives

The Superintendent, Principals, or other administrators with hiring authority may not participate in the hiring of any person related to them within the third degree of consanguinity, affinity, or by law, and no District employee shall be placed in a position where they directly supervise or are directly supervised by such a relative.

No dependent, as defined in A.R.S. 43-1001 (see also Internal Revenue Code 26 U.S.C. 152), of a Governing Board member may be employed in the District, except by consent of the Board in accordance with A.R.S. 15-502. Small school Districts, as defined by A.R.S. 15-901, are granted an exception regarding employment of substitute teachers. A.R.S. 15-421(E).

This policy will apply for summer or part-time work as well as for full-time employment.

Business Relations

Any Governing Board member, administrator, or employee who has, or whose relative has, a substantial interest in any contract, sale, purchase, or service to the District shall make known that interest in the official records of the District, and shall refrain from participating in any manner as an employee in such contract, sale, or purchase, as provided in A.R.S. 38-501, 38-502 and 38-503.

Refrain from participating in any manner means more than just refraining from making a final decision. It means participating in any way in the process leading up to a decision. A Governing Board member, administrator, or employee with a conflict of interest must not make recommendations, give advice, or otherwise communicate in any manner with anyone involved in the decision-making process.

Vendor Relations

No employee of the District will accept a gift or benefit from any person, group, or entity doing, or desiring to do, business with the District as described in Policy DJ, Purchasing Ethics.

District Purchases from Employees

The District must comply with competitive purchasing rules for any acquisition of goods or services from District employees regardless of the dollar amount. The District may only acquire equipment, material, supplies, or services from its employees under an award or contract after public competitive bidding (A.R.S. 38-503; A.G.O. I06-002). The requirement applies to any purchase using District monies, including extracurricular activities fees, tax credit contributions, and monies held in trust by the District such as student activities monies, when a District employee acts as the vendor.

Employee Guidance and Acknowledgement of Understanding

The District shall annually provide ~~written guidance~~ conflict of interest training to all employees. ~~regarding~~ The training shall include information regarding the District's policies regarding conflicts of interest, what constitutes a substantial and remote interest and under the applicable statute, the definition of relative pursuant to A.R.S. 38-502(9), how and when to complete the District's annual Conflict-of-Interest Disclosure Form, the requirement to refrain from participating in a matter in which they or a relative has a substantial interest, and the penalties for violating the applicable statutes.

Each employee shall annually complete and sign the District's Conflict-of-Interest Disclosure Form (GBEAA-E) and within fifteen (15) days of any change in circumstance. Employees shall complete and sign the Conflict-of-Interest Disclosure Form every January of their employment and, if they are a new employees, within five (5) days of starting their employment with the District. Evidence of the guidance provided and signed disclosure forms shall be maintained by the District in compliance with the Uniform System of Financial Records (USFR), and all disclosures shall be kept on file for public inspection as required by A.R.S. 38-509.

Investigations and Remediation

The District will investigate allegations of inadequate disclosure of substantial interests and/or inappropriate participation when a substantial interest may exist.

When an employee has disclosed a substantial interest or when the District otherwise determines that an employee has a substantial interest, the Superintendent and other administrators as appropriate and necessary will determine what steps should be taken to remediate or eliminate the potential for the employee's improper influence on a District decision implicated by the substantial interest. The administration will document the remediation steps taken.

Note: This material is written for informational purposes only, and not as legal advice. You may wish to consult an attorney for further explanation.

Filing of Disclosures

The District shall maintain in the District's official records and for public inspection in a special file all Employee Conflict of Interest Disclosure Forms and all other documents necessary to memorialize all disclosures of substantial interest made known pursuant to the statutory conflict-of-interest provisions. [A.R.S. 38-509]

Adopted: _____

LEGAL REF.:

A.R.S.

15-213

15-323

15-421

15-502

38-481

38-501 - 38-511 (Title 38, Chapter 3, Article 8)

43-1001

A.G.O.

I82-004

I83-093

I83-111

I00-013

I03-005

I06-002

Attorney General Arizona Agency Handbook, Chapter 8, ~~Appendix 8.1,~~

~~Conflict of Interest Disclosure Memorandum~~

Uniform System of Financial Records

26 U.S.C. 152

CROSS REF.:

BCB - Board Member Conflict of Interest

DJ - Purchasing Ethics

DJE - Bidding/Purchasing Procedures

GBP – Reprisals

GBEAA-E ©

EXHIBIT

CONFLICT OF INTEREST

CONFLICT OF INTEREST DISCLOSURE
PURSUANT TO A.R.S. 38-501 to 38-511

(Instructions)

1. Employees must file a Conflict of Interest Disclosure Form within five (5) calendar days after commencing work and at least annually thereafter, either identifying any substantial interest the employee or the employee's relative has or stating that neither the employee nor the employee's relative has any substantial interest requiring disclosure.
2. All Conflict of Interest Disclosures Forms shall be filed with _____ [*name District location/department*] and maintained in the District's official records in accordance with law.
3. It is the employee's responsibility to update and submit a revised Disclosure Form to the location/department noted above within fifteen (15) calendar days after any new substantial interest arises following the date of the most recent Disclosure. The District will investigate allegations of inadequate disclosure of substantial interests and/or inappropriate participation when a substantial interest may exist.

STATEMENT OF NO CONFLICT

**To be completed only if neither you nor your relative
has a substantial interest requiring disclosure.**

I, _____, do hereby indicate that I do not have, and none of my relatives has, a substantial interest in any contract, sale, purchase, service, decision, investigation, or other matter of the _____ School District.

Date

Signature

Note: This material is written for informational purposes only, and not as legal advice. You may wish to consult an attorney for further explanation.

STATEMENT OF CONFLICT

I, _____, do hereby indicate:

~~1.~~ That I am presently an employee of the _____ School District;

~~2.~~ That I (or my relative[s]: _____) have a substantial interest in the contract, sale, purchase, decision, investigation, or other matter by the _____ Governing Board as described below.

Identify the contract, sale, purchase, service, decision, investigation, or other matter in which you or your relative may have a "substantial interest" under A.R.S. 38-501 to 38-511. (Use as much space as necessary)

Describe the "substantial interest" referred to above. (Use as much space as necessary)

To avoid any possible conflict of interest under A.R.S. 38-501 to 38-511, I will refrain from participating in any manner in the matter identified above.

Date	Signature
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~~STATEMENT OF DISQUALIFICATION~~

~~*To be completed if you have a conflict as identified above.*~~

~~To avoid any possible conflict of interest under A.R.S. 38-501 to 38-511, I will refrain from participating in any manner in the matter identified above.~~

Date	Signature
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~~STATEMENT OF NO CONFLICT~~

**~~To be completed only if neither you nor your relative
has a substantial interest requiring disclosure.~~**

I, _____, do hereby indicate that I do not have, and
none of my relatives has, a substantial interest in any contract, sale, purchase,
service, _____ decision, _____ investigation, _____ or _____ other _____ matter _____ of _____ the
_____ School District.

_____ Date _____ Signature _____