

Policy number: II-4	Subject: NEPOTISM / CONFLICT OF INTEREST
Approved: Agency Board: Policy Council:	Revision: two June 28, 2006 May 17, 2006

OBJECTIVE:

To prevent conflict of interest to decision-making due to factors of kinships (nepotism), and to outline activities that are to be avoided as conflicting.

POLICY:

SVPDA conducts business ethically and avoids conflicts of interest including the appearance of such conflicts. All persons involved in the Agency operations have an equal obligation to avoid conflicts of interest.

PROCEDURE:

1. Employees are expected to report conflicts of interest to the Program Administrator or Board Chair immediately upon discovery or suspicion of the conflict. Examples of conflicts of interest are listed below (but are not limited only to these items):
 - a. An outside business interest that competes with the activities of the Agency.
 - b. An outside business that is a purchaser or supplier of goods or services to the Agency.
 - c. An outside business involvement or employment that interferes with the ability to devote necessary attention to the responsibilities at the Agency (moonlighting).
 - d. A relative or a person with a significant relationship employed by, or has a business interest in companies that compete with, sell to, or buy from the Agency.
 - e. Purchase inducements (gifts, premiums, money, goods, or services) from vendors that benefit the employee personally (directly or indirectly) or are unauthorized or questionable in nature.
2. Personal gifts and favors from people with whom the Agency has a business relationship is prohibited. Minor gifts or more than nominal value (\$25) should be tactfully declined or returned, to avoid any appearance or suggestion of improper influence. Minor gifts should be utilized by the program, rather than the individual, if practical.
3. Members of the Board of Directors, Governing Board or Administering Board of any public, private or nonprofit organization funded by SVPDA or members of any major policy advisory bodies, are not eligible for employment with the Agency. Former members of these Boards and advisory bodies are eligible for employment following their resignation.
4. In very rare cases, issues may involve elected Board members when it is in the Agency's best interest to have a relationship or possible contract when the Board

votes and a Board of Director member has a vested interest in the vote (e.g., it is their company, they have family members involved, etc.) that Board member is to leave the room during the entire discussion where conflict may arise and refrain from voting by stepping outside of the room while the vote occurs.

5. SVPDA expects employees to conduct business in accordance with relevant policies, procedures, and laws and to refrain from any illegal, dishonest, or unethical conduct.
6. Disregarding or failing to comply with this standard of business ethics and conduct could lead to disciplinary action, up to and including possible termination of employment.

Pertinent regulation follows due to importance of this policy.

Regulation - 45CFR Part 1304.50(b)(6) *No grantee or delegate agency staff (or members of their immediate families) may serve on Policy Councils or Policy Committees except parents who occasionally substitute for regular Early Head Start or Head Start staff. In the case of Tribal grantees, this exclusion applies only to Tribal staff who work in areas directly related to administrative, fiscal or programmatic issues.*

45CFR Part 74.42 *- The recipient shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts. No employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, or any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the recipient shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to subagreements. However, recipients may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employers, or agents of the recipients.*

Additional definition related to conflict of interest:

1. No employee, officer or agent of the agency shall participate in the selection or in the award or administration of a contract supported by federal funds where to his/her knowledge he/she or his/her immediate family, partners, or organization in which he/she or his/her immediate family or partner has financial interest or with who he/she negotiates or has any arrangement concerning prospective employment.
 - a. The term "financial or other interest" includes but is not limited to:
 - Any direct or indirect financial interest in the specific contract, including a commission or fee, a share of the proceeds, prospect of an promotion or of future employment, a profit, or any other form of financial reward.

- Any of the following interests in the business with which the procuring party is contracting: ownership; partnership interest or other beneficial interest of five percent or more; ownership of five percent or more of the stock; employment in a managerial capacity; or membership on the board of directors or governing body.
- b. The board members, employees, or agents of the agency shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to sub-agreements.
- 2. All procurement transactions shall be conducted in such a manner as to provide, to the maximum extent possible, open and free competition.
 - a. The agency shall be alert to organization conflict of interest or noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. Examples of what is considered to be restrictive of competition include, but are not limited to:
 - 1. Placing unreasonable requirements on firms in order to do business;
 - 2. Non-competitive practices between firms;
 - 3. Organizational conflicts of interests; and
 - 4. Unnecessary experience and bonding requirements.
- 3. If an employee or a member of his/her immediate family has a financial interest in a firm which conducts business with the agency and the interest is sufficient to affect the employee's decision or action, the employee must not represent the agency in such transactions. Employment in organizations doing business with the agency is generally prohibited.
- 4. No employee shall directly or indirectly, give, offer, or promise anything of value to any representative of any financial institution in connection with any transaction or business that the agency may have with such financial institution.
- 5. No employee shall directly or indirectly engage in conduct which is disloyal, disruptive, or damaging to the agency. In this regard, employees should be cautious in the development of personal relationships with individuals who have the authority to make decisions regarding agency funding/operations.
- 6. It is difficult if not impossible to describe all of the situations which may arise involving conflicts of interest. When any employee has a question concerning a possible conflict of interest, it is expected that he/she will request advice from the Program Administrator and agency legal counsel.