

The Workforce Connection, Inc.

Policy Title: Conflict of Interest

Reference Number 2016-100-01

Approved: 06/07/11

Effective: 06/07/11

Status: Active

Modifications: 1 – 06/06/17

2 – 03/06/18

Purpose/Introduction:

The purpose of the conflict of interest policy is to protect the interest of The Workforce Connection, Inc., as a tax-exempt organization and as a public body charged with oversight of federal and/or state funds, when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, staff member or director or might result in a possible excess benefit transaction. This includes persons and entities involved in the competitive selection processes to identify service providers and award funding using Federal funds which must be free of conflicts of interest: real, apparent or organizational. This policy is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest applicable to organizations responsible for maintaining the public trust for the use of federal, state and other grant funds for the purpose of carrying out goals and program requirements, including the responsibility to maintain the reputation and integrity of the entity, organizations and agencies and programs.

References: Uniform Guidance 2 CFR part 200

WIOA and USDOL Joint Rule: 678.615, 678.620, 678.625, 679.302, 679.430, 683.200 (c)(5), 679.430

TEGL 15 – 16 and TEGL 21-16

IL ePolicy Manual 1.7

WIOA Policy 15-WIOA 1.2

WIOA Policy 15 – WIOA 1.3

Background:

The Workforce Connection is releasing Conflict of Interest Policy and Procedures to ensure that any officer or director, council or standing committee member, and/or staff of the organization understands how to determine whether any conflict of interest, real, apparent or organizational, exists and how to properly mitigate a potential conflicts of interest, including disclosure, recusal, documentation and other requirements related to Board business, matters and transactions.

Responsible Party: The Workforce Connection officers and members.

Definitions:

1. Interested Person-- Potential Conflict – real, apparent or organizational conflicts of interest:
 - Any director, principal officer, or member of a council or standing committee with governing board delegated powers, who has a real, apparent or organizational interest as defined below, is an interested person.
 - a. A real or actual conflict of interest arises when a Board member, staff, employee or person is assigned official responsibilities in a particular matter that will directly and predictably affect that individual's personal financial interests or the direct interests of family members.
 - b. The appearance of a conflict of interest: there are circumstances that would cause a reasonable person with knowledge of the relevant facts to question the individual's impartiality in the official matter.
 - c. Organizational conflict of interest focuses on the institution (and everyone within the institution); because of other activities or relationships, the institution is unable to : 1) render impartial assistance or advice, 2) cannot perform work in an objective way, or 3) has an unfair competitive advantage compared to other entities.
 - d. Neither membership on the State WIB, the Local WIB or a WIB standing committee, nor the receipt of WIOA funds to provide training and related services, by itself, violates these conflict of interest provisions.

2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
- b. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 9, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Policy: All officers, members and standing committee members of The Workforce Connection Board must neither cast a vote on, nor participate in any decision-making capacity, on the provision of services by such member (or any organization which that member directly represents), nor on any matter which would provide any direct financial benefit to that member or that member's immediate family. No entity or individual that has any role in the issuance of a solicitation (including development of requirements, drafting the RFP or RFB, etc.) may compete or submit a proposal under that procurement action. A list of entity(ies) and individuals with any role will be retained in a confidential manner with the procurement package of documentation.

All officers, members, and standing committee members shall have a duty to disclose any real, apparent or organizational conflicts of interest to the Board prior to any discussion and recusal from discussion and voting on any matter where a real, apparent or organizational conflict of interest exists including to the recipient of grant funds. The public disclosure of such conflict will include a statement of why there is a real, apparent or organizational conflict of interest. In addition, all board members will complete the Conflict of Interest Acknowledgment and Disclosure statement upon appointment to the board and annually thereafter.

Procedures:

1. Duty to Disclose

In connection with any real, apparent or organizational conflict of interest, an interested person must disclose the existence of the real, apparent or organizational conflict of interest, including any financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers prior to considering the proposed transaction or arrangement.

2. Procedures for Addressing the Conflict of Interest

- a. An interested person must declare any real, apparent or organizational conflicts of interest and state why the conflict of interest exists. The interested person will then dismiss themselves from any discussion of, and the vote on, the transaction or arrangement involving the real, apparent or organizational conflict of interest.

3. Violations of the Conflicts of Interest Policy

- a. If the governing board or committee has reasonable cause to believe a member has failed to

disclose a real, apparent or organizational conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Records of Proceedings:

The minutes of the governing board and all committees with board delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a real, apparent or organizational conflict.
- b. The disclosed nature of the financial or material interest; and reflect that those individuals abstained from discussion and voting.
- c. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Compensation:

- a. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Annual Statements:

Each director, principal officer, staff member and member of a committee with governing board delegated powers shall sign a statement which affirms such person:

- a. Has received a copy of the conflicts of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes including overseeing use of federal, state and other grant funds.

Periodic Reviews:

To ensure the Organization operates in a manner consistent with charitable and grant oversight purposes and does not engage in activities that could jeopardize its tax-exempt status and/or grant oversight responsibilities, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.

- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Use of Outside Experts:

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

Action Required: This information should be disseminated to The Workforce Connection Board members and staff.

Inquiries: Questions regarding any aspect of this policy should be directed to The Workforce Connection Executive Director.

Effective Date: June 7, 2011
Modification 1 – June 6, 2017

The Workforce Connection, Inc.
CONFLICT OF INTEREST ACKNOWLEDGEMENT and DISCLOSURE STATEMENT
For Board Members, Officers, Staff and Committee/Council Members

NAME: _____

CONFLICT OF INTEREST:

- A. A member of the Workforce Board, Board Staff and any Committee or Council Members may not vote on a matter under consideration:
 - 1) Regarding the provision of services by such member (or by an entity that such member represents); or
 - 2) That would provide direct financial benefit to such member or their immediate family.
- B. A conflict of interest, real, apparent or organizational, appears to exist when a Board or Committee member takes part in decisions to transact Board business with an entity in which they, or a family member, have a material interest. Therefore, the responsibility rests with individuals to disclose prior to the time discussion begins their intention to abstain from voting whenever they have influence over a decision about a proposed contract between the Board, and its partners, and a company or agency in which they have a fiduciary interest or serve in a position of influence. Such individuals should recuse prior to the decision-making process of the issue under discussion and state the reason for the conflict of interest. Should the Board request information of a general or clarifying nature from the individual who has disclosed the conflict of interest, it will make the request of the individual directly, and limit interaction to the identified issues.
- C. Written disclosure of participation with other organizations and boards will be provided in writing annually by all Board and Committee members.

AFFIRMATION: I have read The Workforce Connection, Inc.'s *Conflict of Interest Policy* and By-Laws and understand its provisions. I hereby affirm that I will not, to the best of my knowledge and belief, be in a real, apparent or organizational conflict of interest, except as indicated below. I also affirm that I will declare my conflict as such situations arise and I will withdraw from the decision-making process for the issue under discussion.

BUSINESS / PROFESSIONAL ACTIVITIES IN WHICH I OR AN IMMEDIATE FAMILY MEMBER (which for purposes of this Statement shall include a spouse, parents, sibling, child and any other relative residing in the same household), **HOLD AS AN OWNER, OFFICER, BOARD MEMBER, PARTNER, EMPLOYEE OR OTHER BENEFICIARY POSITION:**

<u>Name of Business / Organization</u>	<u>Position Held and By Whom</u>
_____	_____
_____	_____
_____	_____
_____	_____

OTHER ORGANIZATIONS WITH WHICH I OR A FAMILY MEMBER IS ASSOCIATED AND WHICH MIGHT REASONABLY EXPECT TO BE ENGAGED IN ANY TRANSACTION WITH THE WORKFORCE CONNECTION, INC:

<u>Name of Business / Organization</u>	<u>Position Held and By Whom</u>
_____	_____
_____	_____
_____	_____

OTHER ACTIVITIES WHICH MAY PRODUCE OR BE CONSTRUED AS A REAL, APPARENT OR ORGANIZATIONAL CONFLICT OF INTEREST:

Date: _____

Signature: _____