



River Valley Child Development Services Procedure

Conflict of Interest		
Dates Reviewed:	Dates Revised:	Dates Approved by BOD: NA
Effective Date: 1/3/2023		

Employees and board members must disclose all financial interests and non-financial relationships pursuant to the procedures described below.

Duty to Disclose

If employees or board members are aware of any relationship or interest that might be perceived as potentially influencing their objectivity in any agency matters in which they are involved, they must disclose such relationships or interests. The responsibility for identifying and disclosing a potential conflict of interest in any given situation rests with the employee and the board member. It is also the responsibility of the employee and board member to ensure that his/her disclosure information is current and complete and to update disclosure records according to the requirements outlined in section “Procedure to Disclose”.

The following relationships and interests should be disclosed if they are occurring currently, have occurred during the past 12 months, or may occur during the next fiscal year:

Employees - Additional employment other than RVCDS	<i>Any employee having or considering outside employment will seek approval from River Valley Child Development Services, which includes, but is not limited to: consultant work, additional full or part-time jobs, self-employment, contract work, etc.</i>
Board of Directors – List current employment	<i>Board members will disclose current employment information, which includes, but is not limited to: consultant work, full or part-time jobs, self-employment, contract work, etc.</i>
Family members (as defined in Nepotism Policy) who are: <ul style="list-style-type: none"> ▪ RVCDS Employees ▪ Temporary Employees ▪ Board Members ▪ Vendors 	
Describe any relationships, transactions, or other circumstances, including those of family members, that could result in a conflict with the organization’s financial or proprietary interests	<i>Ex – volunteering with other organizations, relationships with entities that compete with or do business with RVCDS, serving on Board of another organization,</i> <i>Any situation that could arise that would impact a person’s ability to fulfill their established responsibilities because they are at odds with their own</i>



River Valley Child Development Services Procedure

	<i>financial interest; Situations where your personal benefit conflicts with the agency's benefit</i>
--	---

**Required per CACFP*

Relationships with customers/clients (including relatives, neighbors, and friends) are not considered a conflict of interest per IRS guidelines, but employees are required to disclose these through individual program processes.

Procedure to Disclose

Employees and board members will disclose all relationships and interests which may influence the way they carry out their responsibilities *or* the way the agency carries out its responsibilities:

- A. At hire/prior to being elected to serve on the board
- B. As soon as practicable after becoming aware of a potential conflict of interest
- C. Annually, as part of the ISDP and performance evaluation process for employees and as part of an annual board meeting for board members

Disclosure will be completed on the Potential Conflict of Interest Disclosure Form.

For Board Members, disclosure information will be included in the Board Roster.

Determining Whether a Conflict of Interest Exists

Once submitted, the Executive Director reviews the Potential Conflict of Interest Disclosure Form.

If a potential conflict of interest is indicated, the Executive Director will inform the program director (for employees)/ Board Executive Committee (for board members) and initiate contact with the Conflict of Interest Committee (COI Committee). Members of this committee include Executive Director, Director of Operations, Director of Finance, and Director of Human Resources.

The Executive Director will provide the COI Committee with the following information:

- Program (for employees only)
- Position in the program (for employees only)
- Description of potential conflict of interest taken from the completed Potential Conflict of Interest Disclosure Form
- Whether the potential conflict of interest was disclosed or discovered
- Date the potential conflict of interest was disclosed or discovered
- Any additional, relevant fact-finding actions (Employees/board members may be required to provide additional information to determine if a conflict of interest exists.)

The COI Committee will consider this information and decide if a Conflict of Interest exists. The Compliance Specialist will review the COI Committee's determination and provide feedback.



River Valley Child Development Services Procedure

Procedures for Managing the Conflict of Interest

If it is determined there is *no* conflict of interest, the Potential Conflict of Interest Disclosure Form will be completed, signed, and submitted to HR

- For employees, the Executive Director will notify the employee and program director, by email, of the determination.
- For board members, the Executive Director will notify the Board Executive Committee and board member.

If it is determined there *is* a Conflict of Interest, the committee must determine if the Conflict of Interest can be avoided and/or mitigated.

After exercising due diligence, if the COI Committee determines the disclosed Conflict of Interest can be mitigated:

- The committee will propose mitigating efforts to minimize risk.
- The Compliance Specialist will review the Determination, Justification, and Mitigating Efforts and provide feedback.
- For employees, the Executive Director will contact the employee and program director to review the Determination, Justification, and Mitigation Efforts.
- For board members, the Executive Director will contact the Board Executive Committee to review the Determination, Justification, and Mitigating Efforts. The Board Executive Committee will inform the board member of the final Determination, Justification, and Mitigating Efforts.
- If the employee/board member agrees to the conditions of the mitigating efforts, he/she will acknowledge this on the “Determination” section of the Potential Conflict of Interest Disclosure Form.
- If the employee/board member does not agree to the conditions of the mitigating efforts, employment/board membership may be terminated.

After exercising due diligence, if the COI Committee determines the disclosed Conflict of Interest cannot be mitigated:

- The Compliance Specialist will review the Determination, Justification, and Mitigating Efforts and provide feedback.
- If the COI Committee and the Compliance Specialist disagree, Board and/or legal counsel may be sought.
- For employees, if the COI Committee and the Compliance Specialist are in agreement, and the final determination is that the Conflict of Interest cannot be mitigated, the Executive Director will inform program director prior to discussing the following options with the employee and he/she will choose one:
 - Disassociate with the Conflict of Interest and continue employment with RVCDS
 - Cease employment with RVCDS
- For board members, if the COI Committee and the Compliance Specialist are in agreement, and the final determination is that the Conflict of Interest cannot be mitigated, the Executive Director will inform the Board Executive Committee.



River Valley Child Development Services Procedure

- If the Board Executive Committee agrees with the determination, they will discuss the following options with the board member, and he/she will choose one:
 - Disassociate with the Conflict of Interest and continue board membership with RVCDS
 - Cease board membership with RVCDS
- If the Board Executive Committee does not agree with the determination, they will provide alternative mitigation strategies that demonstrate compliance with all legal and grant requirements and document in Executive Committee meeting minutes.

Decisions will be made by majority vote of the COI Committee and committee members must conclude that the determination and mitigating efforts are fair, reasonable, and in the agency's best interest. In the event of a tie, the HR Generalist will cast the tie breaking vote.

Monitoring for Compliance

Grant compliance – On a quarterly basis, the Executive Director will provide WVDHHR with a list of employees that have mitigation plans in place.

Additional monitoring for compliance is embedded in the procedure as described in the “Procedures for Managing the Conflict of Interest” above.

Violations of the Conflict of Interest Policy

If the COI committee has reasonable cause to believe that an employee has failed to disclose a potential conflict of interest, the Executive Director shall first inform the employee the basis for such belief and give the employee the opportunity to explain the alleged failure to disclose.

If, after hearing the employee's response and taking further fact-finding actions as warranted by the circumstances, the COI Committee determines the employee has failed to disclose a potential Conflict of Interest, the agency shall take appropriate disciplinary and corrective action. (see Progressive Discipline Policy/Procedure)

Records

For Employees and Board Members, when mitigating efforts are necessary, the Executive Director will complete the Records section of the Potential Conflict of Interest form. Human Resources shall retain a copy of all Potential Conflict of Interest Disclosure Forms, which include records of determinations regarding any potential conflict. The records will include:

- a. The name of the Employee/Board Member
- b. How the conflict was brought to the attention of the COI Committee (whether it was disclosed or discovered)
- c. The nature of the possible conflict, including financial interest involved
- d. The COI Committee's actions regarding fact-finding and investigation on the conflict or potential conflict
- e. The COI Committee's discussion, decision, and vote



River Valley Child Development Services Procedure

- f. The names of all parties present for any discussion or votes

For Board Members only:

The minutes of the Board of Directors meetings and any committee meetings shall contain:

- The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- 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.



River Valley Child Development Services Procedure

Terms:

Client: person or business who receives services from RVCDS.

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

Conflict of interest: A conflict of interest occurs where individuals' obligation to further the organization's charitable purposes is at odds with their own financial interests. (IRS)

Due diligence: an investigation, audit, or review performed to confirm facts or details of a matter under consideration.

Entity: an individual or group

Family members: as defined by Nepotism policy, which include: spouse, domestic partner**, children, stepchildren, grandchildren, step grandchildren, foster children, parents, stepparents, grandparents, parents-in-law, siblings, step siblings, siblings-in-law, uncles, aunts, first cousins, nephews, and nieces. Under the guidelines of this policy, employees who become relatives after employment may not hold any position where one has direct authority over personnel actions concerning the other.

**Domestic Partner - Are unmarried, and at least eighteen (18) years of age or older, and who meet any of the criteria below:

- Reside together, sharing the same permanent residence for at least twelve (12) consecutive months, with the current intent to continue doing so indefinitely;
- Are each other's sole domestic partner; are not married to anyone nor have had another domestic partner within the prior twelve (12) months;
- Are not related by blood closer than would otherwise prohibit legal marriage in the state of residence;
- Are financially interdependent evidenced by at least four of the following (i.e. joint bank joint credit cards, joint ownership of a residence, household expenses, granting power of attorney, designating each other as sole beneficiary/executor or evidence of other joint financial responsibilities)

Fiduciary: legally obligated to act in the client's best interest as opposed to their own personal interest

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

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



River Valley Child Development Services Procedure

Potential conflict of interest: A potential conflict of interest occurs when an Interested Party recognizes that a conflict of interest may take place. Potential conflicts of interest do not always lead to actual conflicts of interest. Potential conflicts of interest can include both financial interests and non-financial relationships with entities that compete or do business with RVCDS and can include any interests that could otherwise create an appearance that the person's conduct on behalf of RVCDS might be compromised in some way.

Proprietary: one that possesses, owns, or holds exclusive rights to something.

Temporary employee: An employee hired to work either full-time or part-time for a specified period of time, usually not to exceed six months in duration.

Vendor: person or business who provides services to RVCDS.