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| CATEGORY: | Board Administration | No: 1.0.101.01 |
| TITLE: | Standards of Conduct and Conflict of Interest | |
| SUPERSEDES: | 1.0.101.000, dtd June 23, 2011, | |
| EFFECTIVE: | June 27, 2014 | |
| BOARD APPROVAL: | June 26, 2014 | |
| DATE OF LAST REVIEW: | May 15, 2014 | |

I. PURPOSE:

To set forth the Board's conflict of interest requirements for disclosure and declaration of a conflict of interest by a Board Member.

DEFINITIONS:

Appearance of Conflict of Interest – A circumstance in which an Agency Employee, Board Member, Board Employee (Board Staff), Contracted Service Provider, or Contracted Service Provider Employee's action appears to be:

- Influenced by considerations of one or more of the following: gain to the person, entity, or organization for which the person has an employment interest, substantial financial interest, or other interest, whether direct or indirect (other than those consistent with the terms of the contract); or
- Motivated by design to gain improper influence over the Commission, the Agency, or the Board.

Conflict of Interest – A circumstance in which an Agency Employee, Board Employee, Contracted Service Provider, or Contracted Service Provider Employee is in a decision-making position and has a direct or indirect interest, particularly a financial interest, that influences the individual's ability to perform job duties and fulfill responsibilities.

Contracted Service Provider – A business entity or person, except a state agency, who contracts with the Board to provide services, including workforce center services

Exception – An action that grants an exemption to the post-employment restriction for an Agency employee, former Agency employee, Board employee, or former Board employee when Extenuating circumstances supported by clear and convincing evidence, amount to an extraordinary individual or family situation.

Immediate Family -- A relative of the first degree of consanguinity means the person's parent, brother, sister, child, or adopted child. A relative of the first degree of affinity means the person's spouse, spouse's parent, child, adopted child, brother, or sister.

Substantial Interest -- An interest in a business entity in which a person:

- Owns 10% or more of the voting stock, shares, fair market value, or other interest in the business entity;
- Owns more than \$5,000 of the fair market value of the business entity;
- Owns real property if the interest is an equitable or legal ownership with a fair market value of \$2,500 or more used for the business entity;
- Receives funds from the business entity that exceed 10% of the person's gross income for the previous year;
- Is a compensated member of the board of directors or other governing board of the business entity;
- Serves as an elected officer of the business entity; or
- Is related to a person in the first degree by consanguinity or affinity, as determined under Chapter 573, Texas Government Code, who has a substantial financial interest in the business entity, as listed in subparagraphs (A) through (F) of this section.

II. POLICY STATEMENT:

Members of the Coastal Bend Workforce Development Board, Board Staff, and Contracted Service Providers shall comply with federal and state statutes and regulations regarding standards of conduct and conflicts of interest.

Board members, Board staff, and Contracted Service Providers shall avoid personal, employment, or business relationships that create conflicts of interest or the appearance of conflicts of interest.

Board members, Board staff, and Contracted Service Providers shall refrain from using non-public information gained through a relationship with TWC, Board, or Board staff to seek or obtain monetary gains (including gain to an individual, partnership, corporation or other business entity) that would be in conflict with the use of Board funds.

Contracted Service Providers shall not give advice or provide services relating to a matter where a real, appearance of, or possible conflict of interest exists unless the Board or Board's designee waives this prohibition in writing.

Disclosure of Conflict of Interest

Board Members who have a personal, representational, or substantial business interest with a Contracted Service Provider or potential Contracted Service Provider or with an entity receiving Board funds shall declare a conflict of interest and shall abstain from voting or discussion regarding any issues that would benefit the agency, organization, company, or individual in question.

Board Members shall be provided with and shall submit a Declaration of Conflict of Interest Statement Form at the beginning of their tenure and at least annually thereafter.

The Board Chair shall provide Board Members with an opportunity to declare a conflict of interest with any item listed on the agenda of a Board meeting prior to conducting the business of that meeting. Board Members who declare a conflict of interest during a Board meeting shall have their declaration recorded in the minutes of the meeting and shall refrain from any discussion as well as abstain from voting on the item for which a declaration is made.

Any Board Member who believes that another Member may have a direct personal or monetary interest relating to any item of business shall bring the conflict, potential conflict, or appearance of conflict to the attention of the Board Chair.

Prohibition of Delivery of Workforce Center Services

Board Members and/or Board Staff will not directly deliver workforce center services or determine eligibility for workforce center services or contract with the following persons or entities to deliver or determine eligibility for workforce services:

- Board Members
- A Board Members business, organization, or institution
- A Board Employee
- A former Board Member or former Board Member's business, organization, or institution during the 12 months following the expiration of the Board Member's term or the Board Member's resignation.

The prohibitions do not apply to public education agencies, such as community colleges and independent school districts, which have Board members, former Board members, or former Board employees who fulfill the requirements for Board membership.

Disclosures by Contracted Service Providers

Contracted Service Providers must promptly disclose to the Board, in writing, the existence of any conflict of interest and any appearance of a conflict of interest, or the lack thereof.

Matters subject to disclosure shall be reported within ten (10) days and include the following:

- A substantial financial interest that the Contracted Service Provider or its employees have in any transaction with a Board member or Board staff in the Board's service area.
- A gift or any business or financial transaction with a Board Member or Board Staff greater than \$50 in value.
- Any relationship the Contracted Service Provider may have with any party to a transaction with TWC, the Board, or Board Staff other than a relationship necessary to the services performed for TWC, the Board, or Board Staff when a reasonable person may consider a conflict of interest to exist because of that relationship.
- All direct or indirect pecuniary interests the Contracted Service Provider has in any transaction with TWC or the Board if the transaction is connected with any services and advice provided to TWC, the Board, or Board Staff.

Written disclosures shall contain the following information.

- Information describing the conflict of interest.
- Information describing the appearance of a conflict of interest, and actions the contractor and its employees will take in order to prevent a conflict of interest from occurring.

Disclosures shall be made at least annually, and as frequently as necessary.

Disclosures shall be made within ten (10) days of receiving a gift and conducting any business or financial transaction greater than \$50 in value.

Disclosures shall be made at least annually that no conflict of interest and no appearance of a conflict of interest exists.

All Conflict of Interest Disclosure Statements will be reviewed by the President/CEO or designee.

Code of Conduct

Board Members, Board Staff and Contracted Service Providers are liable and responsible for their conduct and decisions.

Board Members, Board Staff and Contracted Service Providers must be loyal to the Board and its members.

Board Members, Board Staff and Contracted Service Providers must act in a manner that will bear the closest public scrutiny.

Board Members, Board Staff and Contracted Service Providers must avoid conflict of interest, including direct and indirect gains as a result of actions or decisions made in the capacity of board authority. Some examples include:

- A member makes a decision motivated by considerations other than the "best interests of the organization."
- A member or family member personally contracts with the organization.
- A member assists a third party in their dealings with the Board that could result in favorable or preferential treatment.
- A member receives gifts or loans from the organization valued in excess of \$50.00

Board Members, Board Staff and Contracted Service Providers must deal with the public, staff, clients, and peers in an ethical, fair, and direct manner.

Board Members, Board Staff and Contracted Service Providers must not exercise individual authority over the organization or the staff.

Board Members, Board Staff and Contracted Service Providers must speak positively of the organization to the public.

Board Members, Board Staff and Contracted Service Providers must foster friendly and positive working relationships with Board staff.

Board Members, Board Staff and Contracted Service Providers must maintain confidentiality of proprietary Board business.

Board Members, Board Staff and Contracted Service Providers must obey laws, rules, and policies regarding conflict of interest and code of conduct.

Board Members, Board Staff and Contracted Service Providers are expected, and should expect their peers, to carry out their duties with the proper use of their authority. The Board has established policies and procedures for reporting and investigating misconduct.

III. PROCEDURES:

N/A

IV. RELATED POLICY INFORMATION:

Texas Government Code, Chapter 572; Texas Penal Code, Chapters 36 and 39; 29 C.F.R. 97.36(b)(3); Texas Government Code, Chapter 2308; Texas Labor Code, Chapter 302; 40 Texas Administrative Code, Chapter 801, Subchapter C; Professional licensing requirements, when applicable; Office of Management and Budget circulars as applicable; Uniform Grant Management Standards

V. RESPONSIBILITIES:

The Board's Executive Committee shall ensure that all board members adhere to this policy. The President/CEO shall ensure that all Board Members, Board Staff, and Contracted Service Providers are aware of and adhere to this policy.

VI. FORMS AND INSTRUCTIONS:

Declaration of Conflict of Interest Statement Form

VII. DISTRIBUTION

Board of Directors

Board Staff

Contracted Service Provider Staff

VIII. SIGNATURES

Reviewed by EO Officer

Date

President/CEO

Date